

# *City of Huntsville, Texas*

## *Comprehensive Annual Financial Report*

*For the year ended September 30, 2011*



CITY OF HUNTSVILLE, TEXAS

*COMPREHENSIVE ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED SEPTEMBER 30, 2011*

## *Introductory Section*

City of Huntsville, Texas  
Comprehensive Annual Financial Report  
For The Year Ended September 30, 2011

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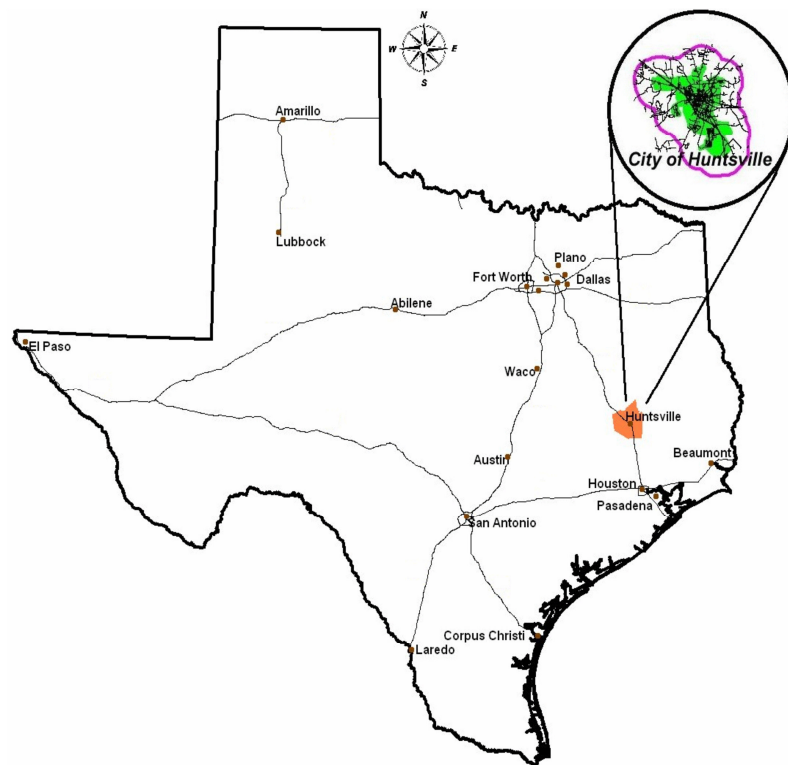
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## ***WELCOME TO THE CITY OF HUNTSVILLE, TEXAS***

The City of Huntsville is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated January 30, 1845 and first adopted its Home Rule Charter on September 28, 1968. The City operates under a Council/Manager form of government, where the Mayor and eight Council members are elected for staggered two-year terms. The City Council formulates operating policy for the City while the City Manager is the chief administrative officer. The City of Huntsville is the county seat and principal commercial center of Walker County, located on Interstate 45, approximately 70 miles north of Houston, 170 miles southeast of Dallas, and approximately 130 miles west of the Louisiana state line. The City's 2010 census was 38,548, a 10% increase from the 2000 census. Population estimates include inmates within the Texas Department of Criminal Justice (TDCJ) system.



Walker County is in an east Texas County with an economy based on Sam Houston State University, the state prison system, lumbering, and agribusiness. Principal sources of agricultural income include cattle, horses, cotton, grain, and timber. Minerals produced in the county include gas, sand, stone, and gravel. The 2010 census for the county was 67,861, an increase of 10% from the 2000 census. The Sam Houston National Forest covers 53,461 acres of Walker County.

Huntsville State Park is located within the national forest and on the outskirts of Huntsville. Nearby, Lake Livingston and Lake Conroe also provide recreational facilities for residents and visitors. Other tourism attractions include the Sam Houston Memorial Museum and Park Complex, located near SHSU, and the Visitors Center, located at the Sam Houston statue site. "A Tribute to Courage," the Sam Houston Statue, was designed and constructed by artist David Adickes. He dedicated the statue to the City of Huntsville on October 22, 1994. It is the world's tallest statue of an American Hero, at 67 feet tall, standing upon a 10-foot sunset granite base.

Huntsville is the headquarters for TDCJ, which is the only state agency located outside of the capital. Five of its prison units are located within the city limits, and there are two additional units located outside the city limits (over 13,000 inmates are housed in the area with TDCJ employment over 6,000 within Walker County).

Founded in 1879 and named in honor of the most important figure in Texas history, Sam Houston State University (SHSU) is the third oldest public university in Texas. With a current enrollment of over 17,291 students and over 3,300 employees, the university has been one of the fastest growing universities in the state. Founded as the first teacher training institution in the southwest, the campus comprises 272 acres, including part of the original home site of the Houston family. With five colleges (Arts and Science, Business, Criminal Justice, Education, and Humanities and Social Science), the university offers seventy-nine undergraduate degree programs, fifty-four masters' programs, and five doctoral programs.

According to the United States Census Bureau, the 2008 per capita income for Walker County was \$27,130 per household, compared to the state median of \$39,967. The Bureau of Labor Statistics reported 25,084 persons employed in Walker County in 2009. Fifty-one percent (51.1%) of the population is between the ages of 18 to 44, and seventy-eight percent (78.2%) over the age of 25 has a high school degree or higher level of education. The Walker County unemployment rate in December, 2010 was 8%.

Other governmental presence in Huntsville includes Region VI Educational Service Center, Gulf Coast Trades Center, Sam Houston State Park and non-profit Sam Houston National Forest, and the various units of local government and state field offices. The large governmental presence keeps the unemployment rate low, but also places much greater pressure on the property tax rate and utility rates.



# CITY OF Huntsville

Incorporated in 1845 under the Republic of Texas

March 29, 2012

Honorable Mayor and City Council members, Citizens  
City of Huntsville  
Huntsville, Texas 77340

The Comprehensive Annual Financial Report (CAFR) of the City of Huntsville, Texas, for the fiscal year ended September 30, 2011 is presented herein. Disclosures necessary to enable the reader to gain an understanding of the City of Huntsville's financial activities have been included. The Contents of the CAFR is the responsibility of Management of the City of Huntsville.

## **Financial Statement Overview**

The CAFR is presented in four sections: introductory, financial, other supplementary information, and statistical. The introductory section includes this transmittal letter, the City's organizational chart, and a list of principal officials. The financial section includes the basic financial statements and the combining financial statements, budgetary comparison schedules, the other supplementary information section, capital asset schedules, and federal and state awards reports and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. This report includes all city funds.

The report is in the eighth compliance year under Rule 34 as established by the Governmental Accounting Standards Board (GASB31). Under this rule, an entity-wide statement of net assets is presented with depreciation of assets. Under the rule, statements are presented on a government-wide and Fund statement basis. Both the government-wide and the Fund Financials present information supporting the other, and the Fund Financials provide additional information not reported government-wide.

The report is in its first year of compliance with GASB 54. Under this rule, Governmental fund balances are designated in restricted, committed, or assigned categories, according to levels established under statute, judicial decrees council or internal administrative commitments.

The government-wide statements report on the city as a whole using the accrual basis of accounting. The statements are comprised of a Statement of Net Assets and a Statement of Activities with supplemental information provided in the Fund statements. The Statement of Net Assets reports changes in assets, presenting all assets and liabilities of the city. The Statement of Activities presents revenues and expenses by function, demonstrating how those assets have changed, and distinguishes activities supported by user fees compared with those supported by taxes and intergovernmental transfers. The statements distinguish between traditional governmental activities and business-type activities.

Fund financial statements are reported using the modified accrual basis of accounting under traditional fund accounting principles. More detailed information is presented about significant (major) and non-major funds. The funds are divided among governmental, enterprise, internal service (business-type or proprietary funds), and agency funds. The Fund financial statements focus on current or near-current inflows and outflows and available balances. Proprietary fund information presented in this manner reinforces information provided in the government-wide statements for business-type activities.

The Management's Discussion and Analysis section preceding the financial statements provides an analysis of the financials and highlights changes from the prior year. Both the government-wide and the government fund financial focus are presented.

## FINANCE

1212 Avenue M • Huntsville, TX 77340-4608 • 936.291.5440 • 936.291.5489 fax • [www.ci.huntsville.tx.us](http://www.ci.huntsville.tx.us)

*Our vision for the City of Huntsville is a community that is beautiful, historic, culturally diverse, affordable, safe, and well planned with great opportunity for our citizens.*

## **City Services**

The City provides police and fire protection, solid waste services, maintenance of streets and utility infrastructure, wastewater and water services, parks, a public library, and cultural services. Water is provided to the community by a combination of water produced from City owned and operated water wells and from a surface water treatment plant in partnership with the Trinity River Authority of Texas. The costs associated with operations of the surface water treatment plant are shown as an expense of the Water Fund. Street activities and operations are accounted for in the Street Fund.

## **Priorities and Objectives**

Council expanded recycling to new areas within the city. Infrastructure improvements were continued to underserved areas. Health insurance and wellness initiatives were researched and costs were increased to dependents.

Primary priorities were to review the health insurance and retirement program, and to present options to reduce costs and unfunded liabilities while maintaining affordable benefits comparable with other governmental and commercial entities in the city. Options and payment methods were selected increasing the city's funding ratio from 59% to 85%.

Grant applications were significantly expanded through the city's Community Development division. Projects undertaken include:

- A neighborhood stabilization grant of \$1,050,000 that was awarded to the City for the construction of twelve houses for qualified first time homebuyers. Properties are being acquired for the project.
- A "HOME" grant that was awarded for \$513,516 to revitalize owner occupied housing. Six homes were completed in the project.
- The City was awarded a FEMA grant of \$11.1 million for drainage restoration along Town Creek, contingent on release of federal funding. An engineering study is being completed.
- The expansion of the city library was complete with more than double the space. Funded with publicly voted bonds, significant contributions funded shelves and furniture.

Maintaining current tax rates were achieved and the base water and sewer rates. The tax rate was lowered in 2010 just under a penny to the effective rate. Water rates were increased accordingly to the rate study financial plan, providing capital funding on an annual basis, effective next fiscal year.

A medical trust for retirees was implemented under GASB 45 and a \$1,500,000 contribution was funded to the irrevocable trust.

## **Disaster and Hazard Preparation**

Huntsville and most parts of Texas incurred damage from forest fires throughout the summer. Labor was expended on relief efforts near the City and other communities. As part of the continued relief effort, the City prepared fire lanes around key structures, and housing developments.

## **Summary of Financial Activities**

Meeting council objectives of a balanced budget and balancing operating revenues versus expenditures, the fund balances of all major operating funds increased. Project expenditures were concluded for the following:

- Funding and engineering study for new water well
- Major repairs to existing water wells
- Engineering study for the Town Creek drainage project
- Library expansion and renovation

The fiscal year represented the sixth year that the budget was presented balanced between revenues and expenditures in each major operating fund, including the General Fund. The City received higher permit fees due to apartment building and retiree development in the year, with some return to normalcy after the slowdown in construction. The General Fund posted a net increase of \$81,152. The Street Fund budget was balanced, and the fund balance decreased by (\$651,229). Expenditures exceeded revenue by

\$191,208 and transfer for capital reduced balance by \$460,021. Anticipated franchise revenue from additional electric usage fees increased revenue to the Street Fund. The 2009-2010 fiscal year was the first full year with the additional fee adding approximately \$380,000 to revenue.

The Water Fund had incurred revenue compared to budget of \$1.3 million due to the drought condition in the summer. Expenditures decreased \$1,398,492 compared to budget in administration by \$1.6 million. Wastewater had an increase in net assets of \$1.5 million from operations. Transfers for capital were insignificant. And the Solid Waste Fund net assets increased by \$187,994.

On a government-wide basis, net assets for Government activities decreased from \$28.9 million to \$28.1 million. Net assets for business-type activities increased from \$62.7 million to \$65.9 million.

### **Comprehensive Plan**

The City initiated a process for public involvement in the development of a Comprehensive Plan that was completed in two years prior. Public and committee meetings were held to discuss City issues and priorities, and to finalize strategic objectives and priorities in developing the plan. Plan changes were made in the map section showing land use areas. The council meets annually to establish strategic objectives. The plan and the annual strategic planning meeting were incorporated into the budget process.

### **Economic Development**

The City participated in a TIRZ (Tax Increment Reinvestment Zone) with the county pursuant to agreement with the developer. The TIRZ Fund reimbursed infrastructure costs. In the summer of 2009, Target opened in the developed area. The city anticipates increased tax appraisals in the development in the upcoming year and continued sales tax growth. In the current year, additional development in the area was begun with the addition of nine stores now accompanying the Target anchor. The TIRZ fund balance is \$239,000. The City is considering economic development alternatives in the upcoming year for the acquisition of property for future development.

### **Tourism, Cultural Services, and Visitors Center**

Management of tourism and the Convention and Visitors Bureau operations has been transitioned to the City. The FY 2009-10 was the first full year of operation under City Management.

A Director of Tourism heads operations of the Visitors Center, gift shop, and tourism expenditures, as well as management of the Wynne Home Arts Center and Main Street. The newly defined department had expenditures of \$561,488 for tourism, \$159,103 for the Arts center, \$77,294 for Main Street initiatives, and \$185,603 for the Gift shop with total revenues for these divisions of \$702,841 (increased from \$598,651).

Hotel/motel tax revenue decreased during the recession but is rebounding in the current year.

### **Capital Projects**

Construction-in-progress for enterprise fund projects in the Water and Wastewater Funds are recorded in their respective funds. The Water Fund recorded \$1,104,973 in construction and the Wastewater Fund \$1,871,734 in construction. General improvements totaled \$3,699,814. Total new capital projects totaled \$6,676,521.

Completed Capital Projects for the fiscal year were:

- Boettcher Drive street expansion
- Kate Bar Ross Park field lighting
- Elkins Lake water extension
- Repairs to Water Well # 17
- Old Phelps road wastewater extension
- 2 new generators at water wells, grant funded

### **Debt Issues**

A voter approved general obligation bond for a Northeast fire station was issued for \$1,850,000 in February, 2009. A refunding bond issue, Series 2009 in the amount of \$6,405,000 was issued in March, 2009 refinancing the Series 1998 Certificates of Obligation. In November, 2009 voters had approved the bond for library expansion. The issue was funded in the amount of \$3.5 million in 2010. Contract bonds issued by TRA for the city water plant were refunded in 2010 in the amount of \$10,275,000. For the Fiscal year 2011, the 1997 wastewater debt was refunded in the amount of \$4,885.00.

The City issued a \$2.0 million water revenue bond in November of 2007 for a water filter project and engineering study of the water plant. The engineering study was related to updating the water plant. The project would require additional debt with reimbursement for the engineering study.

The City issued debt in the form of a \$1.1 million tax note for seven years for the construction of the Aquatic Center in 2005. Payments are budgeted in future year's payments from operating revenue and available fund balances. No additional taxes were levied for the retirement of this debt, with one more payment remaining.

The City had refunded debt in 2005 in the amount of \$3,820,000 for a portion of the 2000 street arterial issue. Debt service is funded in the Debt Service Fund from existing tax levies for the 2000 street certificates of obligation.

### **Contract Debt**

The City pays contract debt as an operating expenditure, representing in a contractual arrangement with the Trinity River Authority (TRA). The Authority supplies water to and manages the City water intake and treatment plant. With the available interest rate environment, TRA refunded contract revenue bonds (water series 2010A, 2010B, and 2010C) for lowering water operating costs.

The fund balance for the Debt Service Fund servicing general obligation debt increased \$38,170 to \$596,149.

### **Utility and Tax Rates**

City Council has actively sought to maintain the ad valorem property tax rates. In FY 1998–99, the ad valorem tax rate was increased to \$0.4300 per \$100 assessed valuation to fund a Street Arterial Capital Project. In FY 1999–00, the rate was adjusted to \$0.4125 because of an increase in the assessed valuation. The Tax rate adopted in FY 2001–02 was \$0.4325, providing additional funds for the capital streets program. The FY 2002-03 rate was \$0.4500, 0.42500 for FY 2003-04, and \$0.4375 for FY 2004-05. For FY 2005-06 the tax rate adopted was \$0.4319, a reduction of one-half cent. For FY 2006-07, the adopted tax rate was decreased to \$0.4192 and \$0.4135 to the FY 2007. The tax rate for FY 2008-09 was \$0.4007 has remained unchanged for FY 2009-10 and FY year 2010-11.

A sales tax increase of ½ cent dedicated for property tax reduction was approved by voters in August 1987. The City sales tax rate is 1.5%.

The City wastewater rates were adjusted in FY 1992–93 as result of USEPA mandated modifications to the two wastewater treatment plants and again in FY 1995–96 and FY 1996–97 to fund the Capital Improvements budget. Beginning October 1, 2000, following a rate study and approval of a capital improvement initiative, water and wastewater rates were adjusted. Solid waste collection charges and disposal rates were adjusted during 2002, following the Solid Waste Rate Study. Utility rates remained the same for FY 2004-05, FY 2005-06, FY 2006-07. Solid waste base fess were raised \$2.00 in FY 2007-08, with no change for FY 2008-09. Base water and sewer rates were lowered to \$13 from \$15. Water, sewer, and Solid Waste rates remained the same is Fiscal year 2010-11. Water rates were adjusted according to a financial rate plan for the Fiscal Year 2011-2012.

### **Cash Management**

City policy is governed by the laws of the State of Texas. Authorized investments are governed by state code. Demand deposits for the City are covered by pledged securities in the City's name at the Federal Reserve Bank pursuant to state law and the City's depository contract. Funds needed for daily operations are kept in demand deposits and pools with the remainder invested in approved short-term agencies and municipal bonds. Investments were diversified into insured and pledged money markets, government agencies and short term municipals. Base reserves and long term dedicated funds were invested in longer term instruments up to five years. Consequently, revenue compared to budget increased from the prior year with a one percent portfolio average.

## **Budget Process**

The Budget process begins with an annual update by council of the strategic objectives and is coordinated with the vision and objectives formulated by the comprehensive plan. In accordance with these objectives a capital improvement plan is updated for presentation to council. Departments present budget requests detailed by line items. Supplemental requests are submitted based on the City's comprehensive strategic plans. The City has initiated performance measures as effectiveness tools which are updated during the process. The budget is reviewed throughout the year during monthly financial reporting. Amendments are presented to the City Manager or the Finance Committee according to the policy. Council approves amendments reviewed by the Finance Committee.

## **Internal Controls**

The City relies on certain internal financial controls as identified in the financial, purchasing, personnel, and fixed asset policies. Adopted by ordinance, they provide the basis for reliance on the financial statements. Such assurances do not, themselves, guarantee the prevention of fraud. By monitoring internal controls, the basis of reliance on the financial statement as a fair presentation in all material respects is provided. The city began a review process of purchasing process controls during the year. The financial position of governmental and business-type activities of each fund, and the reliance on the compliance with laws, regulations, contracts, grants, ordinances, and policies is provided.

## **Independent Audit**

The City Charter requires an annual audit by independent certified public accountants. The accounting firm of Kenneth C. Davis and Company, P.C. was recommended by the City Council Finance Committee and selected by the Council. In addition to meeting the requirements set forth in State statutes, the audit was also designed to meet the requirements of Government Auditing Standards. The auditor's report on the general purpose financial statements is in the financial section of this report. The auditor's report on compliance and on internal control over financial reporting and additional reports are provided in the other supplementary information section.

## **Awards**

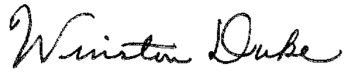
The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Huntsville for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2010. This was the 35<sup>th</sup> year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the governmental body must publish a CAFR with required criteria for management discussion and analysis in conformity with generally accepted accounting standards under GASB (the Governmental Accounting Standards Board) and in conformity with GFOA requirements.

This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. In addition, the City of Huntsville also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget for the past 25 years. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document must be judged to be proficient in several categories including policy documentation, financial planning, and organization. The budget for the fiscal year beginning October 1, 2011 (FY 2011-12), has been submitted for review.

### **Acknowledgements**

We would like to express our appreciation to the City Council for their concern in providing fiscal accountability to the citizens of our City. The preparation of this report could not be accomplished without the efficient and dedicated services of the Council, employees, and entire staff.

Respectfully submitted,

A handwritten signature in black ink that reads "Winston Duke". The script is fluid and cursive.

Winston Duke  
Director of Finance

A handwritten signature in black ink that reads "Bill Baine". The script is fluid and cursive.

Bill Baine  
City Manager



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Huntsville  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Sandison*

President

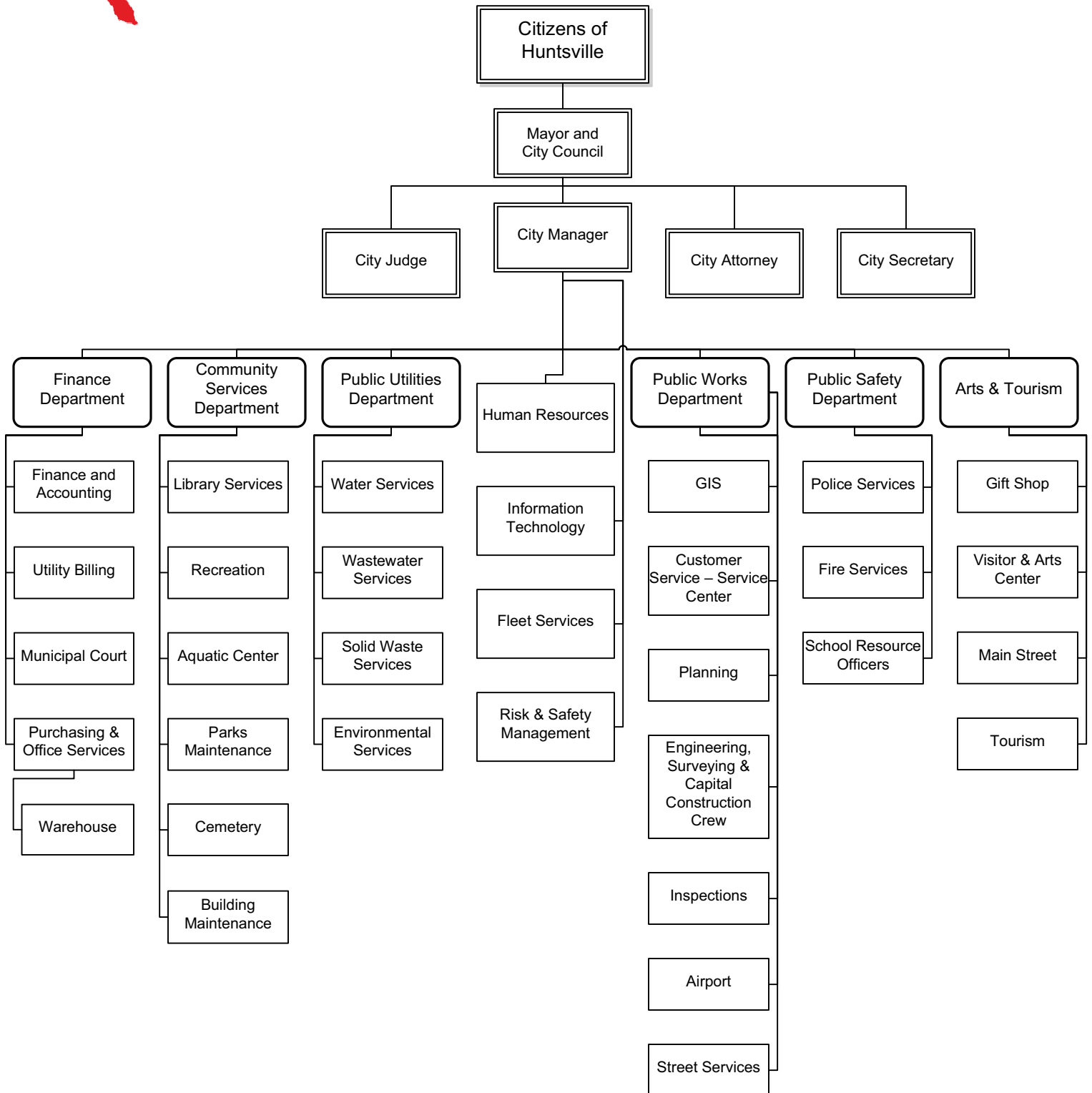
*Jeffrey R. Enser*

Executive Director



# Organizational Chart

## FY 2010-11



# CITY OF HUNTSVILLE, TEXAS

## LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2011

### Elected Officials

---

<u>Name</u>	<u>Office</u>
J. Turner	Mayor
Dr. Thomas C. Cole, Jr.	Councilmember - Ward 1
Mac Woodward	Councilmember - Ward 2
Jack Wagamon	Councilmember - Ward 3
Dr. Wayne Barrett	Councilmember - Ward 4
James Fitch	Councilmember - Position 1
Lydia Montgomery	Councilmember - Position 2
Don Johnson	Councilmember - Position 3
Keith Olson	Councilmember - Position 4

### Appointed Officials & Directors

---

<u>Name</u>	<u>Position</u>
William (Bill) Baine	City Manager
Lee Woodward	City Secretary
Leonard Schneider	City Attorney
John Gaines	Municipal Court Judge
Winston Duke	Director of Finance
Matt Lumpkins	Director of Community Services
Kevin Lunsford	Director of Public Safety
Aron Kulhavy	Director of Public Works
Carol Reed	Director of Public Utilities

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## *Financial Section*

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# Kenneth C. Davis & Company

A Professional Corporation

*Certified Public Accountants*

1300 11TH STREET, SUITE 500

P.O. BOX 6308

HUNTSVILLE, TEXAS 77342

PHONE (936) 291-3020

FAX (936) 291-9607

## Independent Auditor's Report on Financial Statements

City Council  
City of Huntsville, Texas  
1212 Avenue M  
Huntsville, Texas 77340-4608

Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Huntsville, Texas as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Huntsville, Texas's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Huntsville, Texas as of September 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

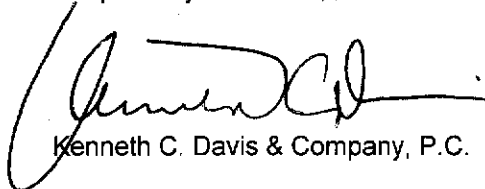
In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2012, on our consideration of City of Huntsville, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic

financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Huntsville, Texas's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kenneth C. Davis", is written over a horizontal line.

Kenneth C. Davis & Company, P.C.

March 12, 2012



## **MANAGEMENT DISCUSSION AND ANALYSIS**

Management of the government is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

A large portion of the land located within the city limits is State owned and, therefore, tax exempt. Huntsville is the home of Sam Houston State University and the Texas Department of Criminal Justice. The governmental payroll generated by these two principal employers comprises the backbone of the local economy, providing stability and a viable alternative to limited property tax revenues through the sales tax option. Huntsville is the center of commerce for Walker County and our region.

### **GENERAL GOVERNMENTAL FUNCTIONS**

Revenues and other financing sources for 2011 general governmental functions - General Fund, Streets, and Other Governmental Funds (Capital Project, Debt Service, and non-major Special Revenue Funds) - totaled \$24,080,377 for the fiscal year ended September 30, 2011. Comparative revenues for the prior year were \$23,300,288.

The following table details the revenue categories of total general governmental revenues. The increases/decreases in amounts from prior years are shown, along with the percentage of change.

REVENUES	AMOUNT FY 2010-11	AMOUNT FY 2009-2010	AMOUNT FY 2008-09	AMOUNT FY 2007-08	INCREASE (DECREASE) FROM FY 2009-10	PERCENT OF INCREASE FROM FY 2009-10
Taxes and Franchises	\$14,907,890	\$14,465,189	\$14,228,818	\$13,674,901	\$442,701	3.06%
Permits and Licenses	279,085	539,268	392,167	313,952	-260,183	-48.25%
Fines and Fees	941,449	857,412	858,241	878,632	84,037	9.80%
Charges for Service	893,643	862,328	834,379	609,287	31,315	3.63%
Administrative Reimbursement	4,894,039	5,272,643	5,132,427	4,958,864	-378,604	-7.18%
Interest Earnings	182,986	201,656	163,418	443,066	-18,670	-9.26%
Grants/Contributions	1,048,495	634,157	517,668	473,502	414,338	65.34%
Other	932,790	467,635	919,343	504,917	465,155	99.47%
<b>TOTAL</b>	<b><u>\$24,080,377</u></b>	<b><u>\$23,300,288</u></b>	<b><u>\$23,046,461</u></b>	<b><u>\$21,857,121</u></b>	<b><u>\$780,089</u></b>	<b><u>3.35%</u></b>

The percentage of revenues collected from sales tax has historically been larger than revenues collected from property taxes because of the limited ad-valorem tax base in Huntsville. Taxes and franchise fees increased due to increased sales tax, increased apartment building, and growth of the local university. The economy remained healthy with slow down from the prior year due to completion of apartment building. Sales tax collections were 453,905 higher and 243,698 higher than budget. Franchise income decreased \$39,918 with the revenue source essentially flat.

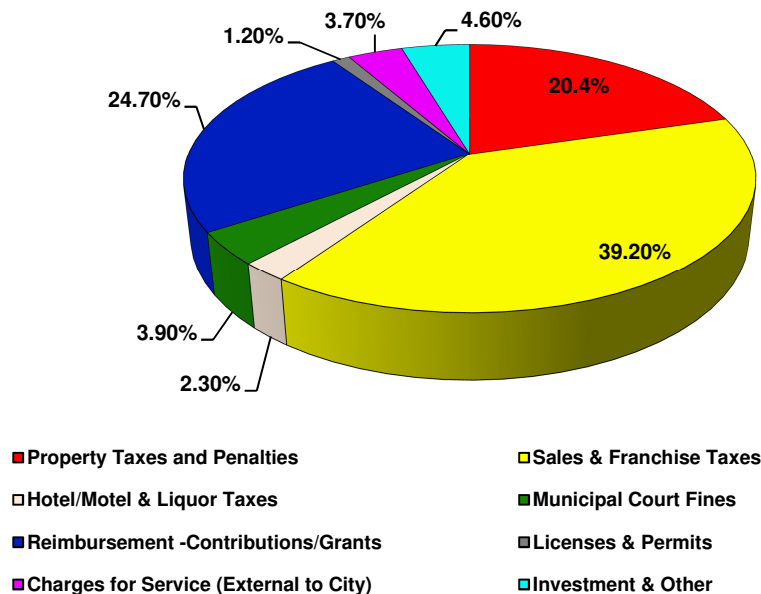
Comparative data on taxable assessed valuations and property tax collection is presented in the following schedule.

	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09</b>	<b>2007-08</b>	<b>2006-07</b>
Assessed Valuation	\$1,258,286,395	\$1,171,742,739	\$1,124,988,600	\$1,071,063,985	\$987,649,140
Property Tax Collections	4,923,415	4,927,413	4,623,077	4,725,708	5,134,519
Outstanding Delinquent Taxes	234,597	212,585	229,976	210,785	424,435
Tax Rate	0.4007	0.4007	0.4007	0.4135	0.4192

The Governmental Fund revenues are comprised of the following categories and percentages:

	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09</b>	<b>2007-08</b>
Property Taxes and Penalties	20.4%	21.1%	20.1%	21.6%
Sales & Franchise Taxes	39.2%	38.3%	39.0%	37.9%
Hotel/Motel & Liquor Taxes	2.3%	2.6%	2.7%	3.1%
Municipal Court Fines	3.9%	3.7%	3.7%	4.0%
Reimbursement -Contributions/Grants	24.7%	25.4%	24.5%	24.9%
Licenses & Permits	1.2%	2.3%	1.7%	1.4%
Charges for Service (External to City)	3.7%	3.7%	3.6%	2.8%
Investment & Other	4.6%	2.90%	4.70%	4.30%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Increased sales tax revenue contributed to the increase in the combined sales and franchise tax category. Internal administrative reimbursements decreased while grants and contributions increased from \$634,157 to \$1,048,495. Fines were up slightly and service charges remained the same.



The Water and Wastewater Fund and Solid Waste Fund reimburse the General Fund a portion of their administrative costs. Administrative functions, including the Charter Offices, Finance, Information Technology, Human Resources and other Administrative Services divisions, and Public Works divisions, etc., are budgeted in the General Fund. The amount of the administrative cost reimbursement is based to the largest degree possible on quantitative measurements. Human Resources costs are reimbursed based on the numbers of employees in each fund. Administrative, Charter Offices, and Finance costs are based on the various budgets as a percentage of the total budget. The Street Fund receives right-of-way fees from utilities paying franchise fees and from the Waste, Wastewater, and Solid Waste Funds. The Wastewater and Solid Waste Funds reimburse the Water Fund for utility billing and meter reading costs. After review of allocations, the administrative cost reimbursements increased compared to the prior year as expenditures supporting allocations also increased. The Water Fund reimburses the Wastewater Fund for environmental services costs. Administrative cost reimbursements totaled \$4,894,039 for the year, decreased by \$378,604.

## **GOVERNMENTAL FUND EXPENDITURES BY ACTIVITY**

### **Major and Non-major Funds**

The City's major governmental funds are the General Fund and the Street Special Revenue Fund. Total expenditures for the General Fund were \$15,708,330 (an increase of \$257,196) and total expenditures for the Street Special Revenue Fund were \$3,504,576 (increase of \$232,653). Ending fund balance for the General Fund and the Street Fund were \$9,121,227 and \$671,224, respectively. The Street Fund ending balance decreased \$651,000 from the prior year with capital funding of \$470,000.

Non-major funds included Debt Service Fund, other Special Revenue Funds, Capital Projects, and Permanent Funds. The Debt Service Fund had expenditures of \$2,091,624 which includes transfers of \$158,550 to the General Fund related to collections for tax note debt. Other Special Revenue Fund expenditures totaled \$1,998,957, Capital Projects Funds totaled \$4,117,213, and Permanent Funds had no expenditures for the year. Ending balance for the Debt Service Fund was \$596,149. The combined fund balance of the other non-major funds was \$5,009,892 at year-end, a decrease of about \$3 million.

Expenditures in Governmental Funds were up \$2.7 million (11.1%) from the prior year. Community Services expenditures increased from the prior year due to various capital projects. Administrative services include non-departmental expenditures.

The following schedule presents a summary of the increases and decreases in relation to the prior year amounts.

<b>EXPENDITURES AND OTHER USES</b>	<b>AMOUNT FY 2010-11</b>	<b>AMOUNT FY 2009-10</b>	<b>AMOUNT FY 2008-09</b>	<b>AMOUNT FY 2007-08</b>	<b>INCREASE (DECREASE) FROM FY 2009-10</b>	<b>PERCENT OF INCREASE (DECREASE)</b>
Charter Offices	\$740,769	\$899,605	\$811,467	\$972,581	-158,836	-17.7%
Finance	1,367,720	1,393,646	1,302,213	1,211,277	-25,926	-1.9%
Public Works	6,631,987	5,422,205	5,161,730	4,677,737	1,209,782	22.3%
Community Services	6,517,329	5,405,665	3,368,954	2,710,219	1,111,664	20.6%
Public Safety	6,772,314	6,448,506	6,075,462	5,846,042	323,808	5.0%
Administrative Services	3,140,407	3,123,750	3,128,099	2,886,470	16,657	0.5%
Debt Service:						
<i>Principal Retirement</i>	1,513,000	1,334,000	7,504,000	976,916	179,000	13.4%
<i>Interest</i>	736,974	653,729	926,827	795,365	83,245	12.7%
<b>TOTAL EXPENDITURES AND OTHER USES</b>	<b><u>\$27,420,500</u></b>	<b><u>\$24,681,106</u></b>	<b><u>\$28,278,752</u></b>	<b><u>\$20,076,607</u></b>	<b><u>\$2,739,394</u></b>	<b><u>11.1%</u></b>

### **Resource Availability and Future Outlook**

Capital projects contributed to the increase for Public Works and Community Services. Construction for the library and parks added \$3 million to expenditures. Public Safety had additional staff and overtime. The difference in principal retirement compared to the prior years is attributable to the refunding issues in 2009.

Revenues in the General Fund are stable although sales taxes declined significantly. Assessed valuation continued to increase slightly over the prior year. However, adoption of the effective tax rate maintains revenue at the current level for existing property with the addition of new property. Inflation is not factored into rate considerations. Funds are available for basic services and the City continues to maintain adequate reserves.

Revenue from sales tax was over budget by 4.0% and property tax was under budget by 13.7%. The overall revenue was negligible compared to budget. Fund balance increased while expenditures were substantially reduced with differences attributable to turnover and management changes, mostly in Administrative Services and Public Safety. The difference in principal retirement compared to the prior years is attributable to the refunding issues in 2009.

The City expects to be able to meet citizens' needs as in the past. Huntsville is fortunate in two major respects: (1) the economic base is stable; and (2) the City's financial planning has remained well defined and monitored by the elected officials and staff.

### **Fund Balance – Governmental Funds**

The fund balances of the General and Governmental Funds remain healthy and in conformity with the City's Fiscal and Budgetary Policies.

In compliance with the new GASB rules for fund balances, for example (permanent fund trusts and inventory) Governmental fund balances are categorized into non-spendable, restricted by legislation or decree, committed for special defined purposes, assigned for internal purposes pursuant to budget and policy, and unassigned. The following illustrates the classified fund balances.

<b>FUND BALANCE</b>	<b>GENERAL</b>	<b>STREET &amp; OTHER GOVERNMENTAL</b>	<b>TOTAL</b>
Non-spendable	\$ 112,643	\$ 469,485	\$ 582,128
Restricted	-	1,452,211	1,452,211
Committed	220,230	860,588	1,080,818
Assigned	-	2,898,732	2,898,732
Unassigned	8,788,354	-	8,788,354
<b>TOTAL</b>	<b><u>\$ 9,121,227</u></b>	<b><u>\$5,681,016</u></b>	<b><u>\$14,802,243</u></b>

### **Debt Service – General Obligation**

Total outstanding debt as of September 30, 2011, is \$19,108,400 including lease principal of \$409,400. The Debt Fund ending balance of \$596,149 results in debt of \$18,512,249 or 1.5% of total valuation (14% of the legal debt limit).

In 2001, certificates of obligation were issued for a golf course. The City retains the responsibility for the debt but collects revenue in a golf course lease agreement with Sam Houston State University that offsets the debt service. Refunding obligations were issued in 2009 for \$6.4 million to achieve interest savings.

Tax notes of \$1.1 million were issued in 2005 for the construction of an aquatics center complex; no additional tax levy was required for debt service related to the notes. Tax note obligations at September 30, 2011 totaled \$155,000.

The City issued a voter approved bond in the amount of \$1,850,000 in February, 2009 for the construction of the NE Fire Station. Construction was completed during the fiscal year.

The voters approved a bond to finance construction additions to the library in 2010 for \$3,500,000.

A prior practice had been to issue short term certificates of obligation for equipment purchases, with funding for a period equal to or less than anticipated life. With the use of the accumulated equipment replacement funds, the need for short-term debt has been reduced. Lease purchase covered by operating revenues is the preferred method in the event a cash purchase is not feasible. This method is used primarily for more expensive equipment with a long-term useful life.

	OUTSTANDING SEPTEMBER 30, 2011	OUTSTANDING SEPTEMBER 30, 2010	OUTSTANDING SEPTEMBER 30, 2009	OUTSTANDING SEPTEMBER 30, 2008
<u>Bonds:</u>				
2005 Refunding	\$3,325,000	\$3,700,000	\$3,730,000	\$85,000
2009 Refunding	5,370,000	5,880,000	6,405,000	3,755,000
2009 Fire Station	1,354,000	1,502,000	1,646,000	-
2010 Library	3,330,000	3,500,000		
<b>TOTAL BONDS</b>	<b>\$13,379,000</b>	<b>\$14,582,000</b>	<b>\$11,781,000</b>	<b>\$3,840,000</b>
<u>Certificates of Obligation:</u>				
1998 Street Arterial	-	-	-	\$6,655,000
2000 Street Arterials	-	-	\$340,000	675,000
2001 Golf Course	\$4,285,000	\$4,395,000	4,495,000	4,590,000
2004 Fire Station	880,000	930,000	980,000	1,030,000
2005 Tax Notes	155,000	305,000	450,000	590,000
<b>TOTAL CERTIFICATES OF OBLIGATION</b>	<b>\$5,320,000</b>	<b>\$5,630,000</b>	<b>\$6,265,000</b>	<b>\$13,540,000</b>
<b>TOTAL</b>	<b>\$18,699,000</b>	<b>\$20,212,000</b>	<b>\$18,046,000</b>	<b>\$17,380,000</b>

Capital lease debt is \$409,398. Liability for compensated absences is \$1,206,276. The lease was paid in full in the following fiscal year 2012.

A comparison of the property tax rate and the allocation between operations and debt service is as follows (per \$100 assessed valuation):

<u>FISCAL YEAR</u>	<u>OPERATIONS RATE</u>	<u>DEBT RATE</u>	<u>TOTAL RATE</u>
1993-94	\$ 0.18811	\$ 0.19629	\$ 0.3844
1994-95	0.21682	0.16758	0.3844
1995-96	0.27923	0.10517	0.3844
1996-97	0.26900	0.11540	0.3844
1997-98	0.28312	0.10128	0.3844
1998-99	0.32718	0.10282	0.4300
1999-00	0.27609	0.13641	0.4125
2000-01	0.30763	0.12487	0.4325
2001-02	0.27785	0.15465	0.4325
2002-03	0.28397	0.16603	0.4500
2003-04	0.23223	0.19277	0.4250
2004-05	0.24473	0.19277	0.4375
2005-06	0.23913	0.19277	0.4319
2006-07	0.23810	0.18110	0.4192
2007-08	0.24050	0.17300	0.4135
2008-09	0.21080	0.18990	0.4007
2009-10	0.22490	0.17580	0.4007
2010-11	0.21340	0.18730	0.4007

#### FY 2009-2010 Debt

The City's legal debt limit is 10% of assessed value. Based on current assessed value, the legal debt limit is \$125,828,639. Council expects to be able to meet current outstanding debt payments with the \$0.15340 per \$100 assessed tax rate for debt. In 2010, a voter approved bond in the amount of \$3,500,000 was issued for library expansion.

#### Prior Years' Debt

A voter-approved bond for construction of a fire station was issued for \$1,850,000 in 2008-09.

The City borrowed \$ 986,353 under a five year capital lease funded by solid waste fees in FY 2007-08. The debt was retired in February 2012.

The City issued debt in FY 2003-04 in the amount of \$1,200,000 for fire station construction. In FY 2003-04, debt in the amount of \$2,135,000 was refinanced with a refunding issue in the amount of \$2,220,000 for interest savings. The debt refinanced related to the following funds for these amounts: General - \$1,150,000, Water - \$115,000, Waste Water - \$480,000, and Solid Waste - \$390,000. In FY 2005-06 a refunding issue in the amount of \$3,820,000 was financed for street arterials to achieve interest savings. A 2009 refunding issue for \$6,405,000 was issued to refund 1998 street certificates.

## **FINANCIAL HIGHLIGHTS**

### **Governmental Fund Financial Basis**

#### **General Fund**

- At the end of the current fiscal year, fund balance for the General Fund was \$9.1 million, an increase of \$81,152 from the prior year.
- General Fund revenue decreased by \$219,689, a decrease of 1.3% from FY 2010. This increase was due primarily to administrative cost reimbursement reductions.
- General Fund expenditures increased by \$121,408, an increase of 0.8% from FY 2010. Overall, FY 2011 expenditures were \$666,708, or 4.0% less than the amended budget. The decreases were in Administrative Services, Public Safety, and Community Services.

#### **Other Governmental Funds**

- Total Governmental Funds had a net change of \$3.5 million reducing fund balances, but an \$81,152 increase in the General Fund and a decrease of \$651,229 in the Street fund.
- Hotel/Motel – Tourism had revenue of \$478,167 versus expenditures and transfers of \$574,924 and an ending balance of \$289,261. The net change in fund balance was (\$97,494). Revenue decreased \$14,817 from the prior year, compared to a decrease of \$22,516 the year before.
- Arts Center Special Revenue Fund had revenue of \$2,541 and expenditures of \$159,103. With net transfers of \$59,318, the ending fund balance decreased by (\$7,244). The fund accounts for operations of the Wynne Home and other arts programs. Transfers from the General Fund provide a source of funds to balance revenue and expenditures with the use of fund balance.
- Police school resource officer fund had expenditures of \$481,020 (\$464,405 for FY 2009-10).
- Total Special Revenue non-major fund expenditures were \$1,998,957 an increase of \$614,667 from the prior year.
- Capital Project expenditures were \$4,117,213 with substantial completion of the library. Sources of revenue for capital projects include grants, city revenue, donations, and developer contributions.
- As of September 30, 2011, the City's governmental activities reported combined ending net asset balances of \$28.1 million, a decrease of \$800,000 in net assets compared to prior year. Restricted non-spendable, committed, and assigned amounts of the net asset balance were \$6.0 million for federal programs, debt service, and capital projects.

#### **Proprietary Funds – Enterprise and Internal Service Funds**

The net assets of the City's enterprise funds increased by \$3,525,707 in FY 2011, with about the same as the prior year expenditures for capital and operations. Internal Service Funds (Medical, Equipment, and Computer Replacement Funds) recorded a net asset reduction of \$857,453 with expenditures for equipment purchases and medical claims.

### **GOVERNMENT-WIDE FINANCIAL BASIS**

The government-wide financial statements report financials for the city, as a whole, similar to a private enterprise, on the accrual basis of accounting. The Statement of Net Assets and Statement of Activities are government-wide statements. The Statement of Net Assets reports total assets and liabilities and changes in those assets. The Statement of Activities reports revenues and expenses by showing how assets have changed according to the various functions of the city. The assets and activities are divided between governmental activities and business-type activities, commonly known as Enterprise funds, when reporting on the Governmental fund and modified accrual basis of accounting. Proprietary fund information reinforces the business-type information presented in the government-wide statements. Conversely, information as summarized above for the governmental funds supplements information not provided in the government-wide statements.

In the Statement of Activities, revenues are presented by programs—service charges, grants, contributions—and expenses by function. Functions distinguish between expenses that are supported by user fees and other revenue and those supported by taxes and intergovernmental sources. A synopsis of government-wide activities is presented in the summary and tables below.

- On a government-wide basis for governmental activities, the City had expenses net of program revenue of \$12.9 million. General revenues and transfers totaled \$15.5 million, resulting in an increase in net assets of \$2.6 million.
- The City's total net assets on a governmental-wide basis totaled \$94.3 million, of which \$28.1 million was from governmental activities and \$66.2 million was from business-type activities at September 30, 2011.
- Government-wide revenue totaled \$44.9 million, of which \$29.4 million was program revenue (an increase of \$677,807 overall from the prior year). Expenditures were \$20.2 million for governmental and \$22.1 million for business-type activities for a total of \$42.3 million.



## Summary Statement of Activities

	Government Activities		Business-Type Activities		Total Primary Government Comparative Comparative	
	FY2010-11	FY2009-10	FY2010-11	FY2009-10	FY2010-11	FY2009-10
<b>Program Revenues:</b>						
Charges for Services	\$ 2,583,743	\$ 2,318,726	\$ 24,164,206	\$ 23,253,500	\$ 26,747,949	\$ 25,572,226
Grants and Contributions	1,319,661	906,869	1,339,979	190,023	2,659,640	1,096,892
Total Program Revenues	<u>\$3,903,404</u>	<u>\$3,225,595</u>	<u>\$25,504,185</u>	<u>\$23,443,523</u>	<u>\$29,407,589</u>	<u>\$26,669,118</u>
<b>General Revenues</b>						
Property Taxes	\$4,945,427	\$4,910,022	-	-	\$4,945,427	\$4,910,022
Sales Taxes	6,443,698	5,989,793	-	-	6,443,698	5,989,793
Franchise Taxes	2,893,671	2,999,589	-	-	3,540,777	2,999,589
Other Taxes	647,106	614,394	-	-	614,394	624,862
Investment Earnings	182,986	201,656	163,270	142,636	364,926	344,292
Other	256,999	132,978	-	-	132,978	804,416
Total General Revenues	<u>\$15,369,887</u>	<u>\$14,782,432</u>	<u>\$163,270</u>	<u>\$142,636</u>	<u>\$142,636</u>	<u>\$15,426,594</u>
<b>Total Revenues</b>	<u><b>\$19,273,291</b></u>	<u><b>\$18,008,027</b></u>	<u><b>\$25,667,455</b></u>	<u><b>\$23,586,159</b></u>	<u><b>\$44,940,746</b></u>	<u><b>\$41,594,186</b></u>
<b>Primary Government Expenses:</b>						
Charter Offices	\$219,632	\$257,439	-	-	\$219,632	\$257,439
Administrative Services	553,173	1,890,358	-	-	553,173	1,890,358
Finance	959,422	490,313	-	-	959,422	578,505
Public Works	8,191,939	5,013,011	-	-	8,191,939	4,981,472
Community Services	2,745,391	2,949,856	-	-	2,745,391	2,761,093
Public Safety	6,772,314	6,413,503	-	-	6,772,314	6,063,508
Interest on Long-Term Debt	735,374	657,074	-	-	735,374	756,682
Water Production and Distribution	-	-	10,553,087	11,240,528	10,553,087	11,240,528
Wastewater Collection and Treatment	-	-	7,325,201	7,202,096	7,325,201	7,202,096
Solid Waste	-	-	4,246,715	4,153,125	4,246,715	3,935,369
Oakwood Cemetery Operating	-	-	-	-	-	-
Total Primary Government Expenses	<u>\$20,177,245</u>	<u>\$17,671,554</u>	<u>\$22,125,003</u>	<u>\$22,595,749</u>	<u>\$42,302,248</u>	<u>\$39,884,806</u>
Excess (deficiency) Before Transfers	(\$903,954)	\$336,473	\$3,542,452	\$990,410	\$2,638,498	\$1,326,883
Transfers	16,745	(2,113,407)	(16,745)	2,113,407	-	-
<b>Changes in Net Assets</b>	<b>(\$887,209)</b>	<b>(\$1,776,934)</b>	<b>\$3,525,707</b>	<b>\$3,103,817</b>	<b>\$2,638,498</b>	<b>\$2,937,917</b>
Net Assets - Beginning	28,927,681	30,704,618	62,719,886	59,616,070	91,647,567	90,320,688
Prior Period Capital Asset Adjustment	-	-	-	-	-	-
<b>Net Assets - Ending</b>	<u><b>\$28,040,472</b></u>	<u><b>\$28,927,684</b></u>	<u><b>\$66,245,593</b></u>	<u><b>\$62,719,887</b></u>	<u><b>\$94,286,065</b></u>	<u><b>\$93,258,605</b></u>

## Summary Statement of Net Assets

(in thousands rounded)

	Government Activities		Business-Type Activities		Total Primary Government	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Current and other assets	\$ 21,203	\$ 24,966	\$ 36,474	\$ 19,676	\$ 57,677	\$ 44,642
Capital assets	<u>34,083</u>	<u>32,878</u>	<u>52,172</u>	<u>67,759</u>	<u>86,255</u>	<u>100,637</u>
<b>Total assets</b>	<b><u>55,286</u></b>	<b><u>57,844</u></b>	<b><u>88,646</u></b>	<b><u>87,435</u></b>	<b><u>143,932</u></b>	<b><u>145,279</u></b>
Long-term liabilities	25,093	24,883	20,511	20,350	45,604	45,233
Other liabilities	<u>2,153</u>	<u>4,033</u>	<u>1,889</u>	<u>4,365</u>	<u>4,042</u>	<u>8,397</u>
<b>Total liabilities</b>	<b><u>27,246</u></b>	<b><u>28,916</u></b>	<b><u>22,400</u></b>	<b><u>24,715</u></b>	<b><u>49,646</u></b>	<b><u>53,631</u></b>
Net assets:						
Invested in capital assets, net of related debt	14,982	15,282	41,168	38,447	56,150	53,729
Restricted	3,605	6,663	-	-	3,605	6,663
Unrestricted	<u>9,453</u>	<u>6,983</u>	<u>25,078</u>	<u>24,274</u>	<u>34,531</u>	<u>31,256</u>
<b>Total net assets</b>	<b><u>\$ 28,040</u></b>	<b><u>\$ 28,928</u></b>	<b><u>\$ 66,246</u></b>	<b><u>\$ 62,720</u></b>	<b><u>\$ 94,286</u></b>	<b><u>\$ 91,648</u></b>

### Government-Wide Net Assets

- Net assets of the governmental funds are \$28.0 million.
- The City's unrestricted net assets for governmental activities, which can be used to finance day to day operations, totaled \$9.5 million.
- Restricted net assets for governmental activities are fund balances that are earmarked for particular purposes, such as debt service or capital projects. The balance of the funds was \$3.6 million restricted.
- Net assets of business-type funds totaled \$66.2 million, representing an investment in capital assets of \$41.2 million. Total assets increased \$3.5 million for business funds.

The government's overall financial health has improved with increases in net assets of both governmental and business-type activities, but with a reduction of net assets for governmental activities.

### Government-wide revenues

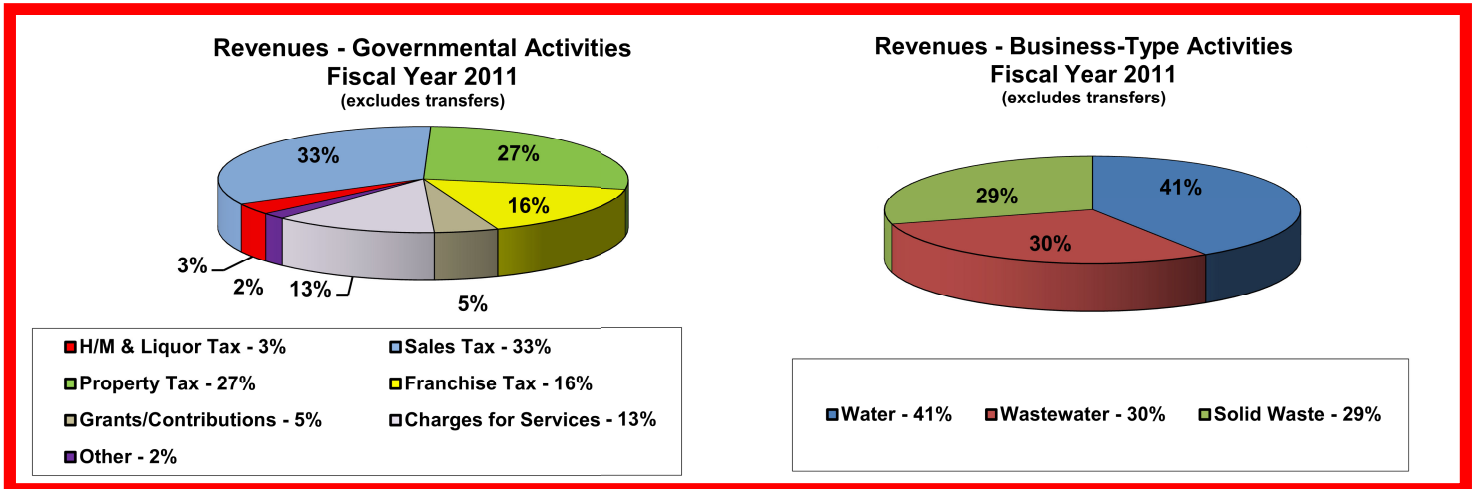
Total government-wide revenue on the statement of net assets is summarized below:

Service Charges	\$ 26,747,949
Grants and Contributions	<u>2,659,640</u>
Program Revenues	<u>29,407,589</u>
General Revenue	<u>15,533,156</u>
<b>Total Revenue</b>	<b><u>\$44,940,745</u></b>

- General property taxes totaled \$4.9 million. Included in these taxes are real and personal property levies which are assessed October 1 and payable on or before the following January 31.
- Sales tax totaled \$6.4 million for fiscal year 2011, representing 14% of the government wide total.
- Franchise taxes totaled \$2.9 million for fiscal year 2011 which funded street improvements. Revenue was up 2.5% over the prior year.
- Other taxes, which include hotel/motel taxes and liquor taxes, totaled \$647,106 or an increase of \$32,712.

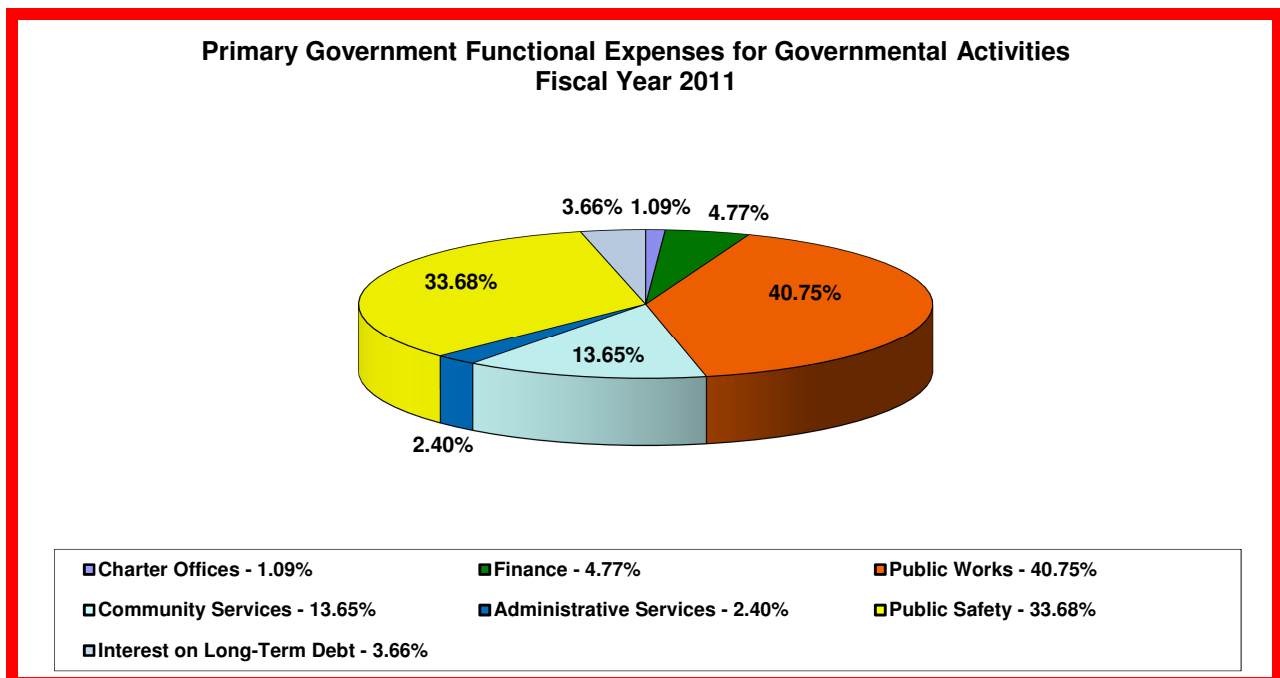
Program revenues are derived from the program itself and reduce the cost of the function to the City. Total program revenues for both governmental and business-type activities are described below.

- **Governmental activities program revenue** was \$3.9 million. About 67% of these revenues are reported in the category “Charges for Services”, which primarily represent receipts from development and building inspection fees, parks fees, fire services, and court fines. This compares to 70% of revenue for each of the prior three years. Other governmental program revenues include operating grants for parks, fire, and police programs, and public works.
- **Business-type activities program revenues** totaled \$25.5 million (excludes Internal Service Funds). The most significant of these revenues is reported in the category “Charges for Services”, which represent receipts from utility customers for water, sewer, and sanitation use.



## **EXPENSES**

- **Expenses for governmental activities** totaled \$20.2 million, primarily from salaries to provide services in the public safety and public works areas, as well as for public library, recreation programs, and administration. This represents an increase of \$2.4 million.
- **Expenses for business-type activities** which provided water (47.7%), wastewater (33.1%), and solid waste service (19.2%) totaled \$22.1 million which is a decrease of \$470,746.



## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

For the fiscal year ended September 30, 2011, the City's governmental funds reflect a combined fund balance of \$14.8 million. (Refer to the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.) The governmental funds net decrease in fund balance is \$3.5 million, compared to an increase of \$2.5 million the prior year. General Fund revenues exceeded expenditures by \$711,613. Operating transfers decreased fund balance by a net \$630,461. The Street governmental fund decreased \$651,229 with net transfer of (\$460,021). Street fund had an operating deficiency before transfers of (\$191,208) in the previous fiscal year.

Fund balance of non-major Special Revenue funds increased \$66,725, while Capital Project Fund decreased its fund balance by \$3.1 million. The Hotel/Motel Tourism Fund decreased fund balance decreased (\$53,220).

A summary of non-major Special revenue Fund change in fund balance is:

Municipal Court Technology & Security	(53,220)
Police Forfeiture	17,650
Library Grants	5,353
Police Grants	11,355
Library Donations	101,708
Arts Center	(7,244)
Federal Grants	(20,983)
Tax Increment Zone	107,756
Hotel/Motel Tourism	(97,494)

Fund balances retained at year end were 58% of actual expenditures for the General Fund, 29% for the Debt Fund, and 19% for the Street Fund.

## **CAPITAL ASSETS**

The City's governmental activities (including a percentage of internal service activities) had invested \$34.1 million in a variety of capital assets and infrastructure. The City has \$52.1 million invested in its business-type activities.

Infrastructure includes streets, bridges, street lights, and sidewalks. Accumulated depreciation was \$48.1 million at 9/30/2011 for infrastructure in the governmental funds.

Governmental activities for the year included a net increase of \$1.2 million of capital assets to \$34.1 million.

The City records infrastructure for Enterprise activities in the Water, Wastewater, and Solid Waste funds. Infrastructure has been recorded in these funds for prior years and includes water, drainage, and sewer lines and related assets, and other plant and equipment related to water and wastewater services. The City water plant and distribution facilities are recorded in the Water Fund.

Total business type assets were \$52.2 million net of accumulated depreciation of \$37.3 million.

Vehicles and heavy machinery are recorded in the Internal Service funds and included as governmental fund activity.

Details are reflected in the following schedule, including Internal Service fund assets, which are allocated to governmental activities. More detailed information on Capital Asset activity can be found in the Notes to the Financial Statements in Note E.

**Governmental Activities  
Change in Capital Assets  
(in thousands)**

	Balance 9/30/10	Additions	Retirements & Transfers	Balance 9/30/11
<i>Non-depreciable Assets:</i>				
Land	\$ 1,826	\$ -	\$ -	\$ 1,826
Construction in Progress	761	3,700	702	3,759
Total Non-depreciable Assets	<u>2,587</u>	<u>3,700</u>	<u>702</u>	<u>5,585</u>
<i>Other Capital Assets:</i>				
Buildings	9,794	105	-	9,899
Equipment	19,210	742	618	19,334
Improvements	12,675	210	-	12,885
Infrastructure	33,949	487	-	34,437
Total Assets Being Depreciated	<u>75,628</u>	<u>1,544</u>	<u>618</u>	<u>76,554</u>
Less accumulated depreciation	<u>(45,338)</u>	<u>(3,337)</u>	<u>618</u>	<u>(48,057)</u>
Total Net Assets – Governmental Being Depreciated	<u>30,290</u>	<u>(1,793)</u>	<u>-</u>	<u>28,497</u>
<b>Total Assets- Governmental</b>	<b>\$ <u>32,877</u></b>	<b>\$ <u>1,907</u></b>	<b>\$ <u>702</u></b>	<b>\$ <u>34,082</u></b>

**Business-Type Activities  
Change in Capital Assets  
(in thousands)**

	Balance 9/30/10	Additions	Retirements & Transfers	Balance 9/30/11
<i>Non-depreciable Assets:</i>				
Land	\$ 782	\$ -	\$ -	\$ 782
Construction in Progress	1,928	2,977	1,457	3,448
Total Non-depreciable Assets	<u>2,710</u>	<u>2,977</u>	<u>1,457</u>	<u>4,230</u>
<i>Other Capital Assets:</i>				
Buildings	1,652	187	-	1,839
Equipment	1,572	14	-	1,586
Improvements	447	-	-	447
Utility Systems	79,438	1,661	-	81,099
Total Assets Being Depreciated	<u>83,109</u>	<u>2,162</u>	<u>-</u>	<u>85,271</u>
Less accumulated depreciation	<u>(35,042)</u>	<u>(2,287)</u>	<u>-</u>	<u>(37,329)</u>
Total Net Assets Being Depreciated	<u>48,067</u>	<u>(125)</u>	<u>-</u>	<u>47,942</u>
<b>Total Net Assets – Business Type Activities Capital Assets</b>	<b>\$ <u>50,777</u></b>	<b>\$ <u>2,852</u></b>	<b>\$ <u>1,457</u></b>	<b>\$ <u>52,172</u></b>

## **ENTERPRISE FUNDS**

### **Water and Wastewater Funds**

The Water and Wastewater Funds comprise major sources of revenue. A summary of revenue, net income, and income available for debt service and bond coverage is presented below.

Debt for the Water and Wastewater Funds totals \$20,160,000. This includes contract debt paid by the City and billed by The Trinity River Authority of Texas by contract (refer to footnote F – Long-Term Obligations).

Comparative data for the Water and Wastewater Fund is as follows:

	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09</b>	<b>2007-08</b>
Revenues	\$ 21,034,897	\$ 19,311,129	\$ 19,861,152	\$ 19,597,124
Net Operating Income	4,000,505	1,996,861	2,848,363	3,063,821
Income Available for Debt Service	6,193,209	4,124,800	3,561,994	4,330,986
Annual Debt Requirements	1,924,000	1,911,129	1,898,399	1,905,744
Bond Coverage	3.22	2.16	1.88	2.27

Revenues from Water and Wastewater increased 7.3% from FY 2007-08 to FY 2010-11. The table shows that revenues can be volatile. For Fiscal year 2007-08 revenue increased \$941,666; net operating income decreased \$804,961 the same period with increased depreciation costs in wastewater. In FY 2008-09, revenue increased slightly with a reduction in net operating income. Revenues in FY 2009-10 and 2010-11 followed weather (drought) and usage pattern.

### **Water & Wastewater Fund Debt**

In 1976, the City of Huntsville entered into a contract with the Trinity River Authority of Texas (TRA) to purchase raw water impounded in the Livingston Reservoir. A contract was also signed for the operation of a water treatment plant for the raw water. Pursuant to these agreements, the City has endorsed contract revenue bonds through TRA and is unconditionally obligated to pay, from the gross operating revenues of the City, all debt service payments on these bonds, all operation and maintenance expenses for the facilities the bonds were used to build, and amounts necessary to restore any deficiencies in funds required to be accumulated under the bond resolutions.

The contract with TRA for raw water is effective until the year 2020. In 1998, the contracts were amended to increase the raw water purchases by 6 million gallons per day (MGD), to a total of 16 MGD. The City and TRA provide Tenaska, a power plant in Grimes County, up to 7 MGD. Major improvements were made to the Huntsville Regional Water Supply System (HRWSS) to provide the system resources necessary to supply the additional water to Tenaska and to increase the production/treatment capabilities to the system for future use by the City of Huntsville. In FY 2006-07, the contract was again amended to allow for additional water supply through 2020, up to 20 MGD. The additional payments equal the amount of previous contracts began during the current year.

Contract debt with the TRA includes a debt issue of \$3,905,000 issued in 1996 to provide water to the TDCJ Ellis and Estelle Units and the TDCJ Medical Facility. Delivery of water to these units required construction of pumping, metering, and pipeline facilities. TDCJ pays a monthly minimum service charge equal to the amount necessary to amortize the debt and purchase water from the City at the rate of \$2.35/1000 gallons. In 1997, the City issued \$3,120,000 in debt through TRA for improvements to the water treatment plant, including adding an additional clarifier, modifying two existing clarifiers, and modifying existing filters. In early 1999, the City issued contract debt in the amount of \$9.26 million that was used for expansion of the water treatment plant to serve Tenaska. In 2003, contract revenue bonds of \$3,125,000 were issued. Debt service is paid through contracts providing water to a private vendor. In 2007 the City issued debt of \$1,995,000 to fund city improvements. Three TRA contract bonds were refunded in 2010 for \$1,795,000, \$1,755,000 and 6,725,000.

Revenue bond covenants require that net revenues of the Water and Wastewater Funds equal at least one and one-fourth times the average annual requirements for the payment of principal and interest on the bonds. The City meets this requirement. Both principal and interest on the TRA surface water treatment plant debt, TRA water debt, and TRA wastewater debt is considered an operating expense. Refer to the footnotes for detail on Water and Wastewater debt.

### Enterprise Debt Summary:

A summary of debt by type as of September 30, 2011 follows:

	REVENUE BONDS	CONTRACT DEBT	TOTAL
Water Fund	\$ 1,280,000	\$ 8,415,000	\$ 9,695,000
Wastewater Fund	9,725,000	740,000	10,465,000
<b>TOTAL</b>	<b>\$ 11,005,000</b>	<b>\$ 9,155,000</b>	<b>\$ 20,160,000</b>

### Future Outlook – Water and Wastewater Fund

City staff began preliminary discussions with TRA in 2001 to expand the treatment capacity of the surface water plant by eight million gallons per day and to upgrade the filter system. A study was performed in 2002 and updated in 2005 to assess plant capacity. The City is researching various operations related to overall city needs, including whether to upgrade facilities while attending to deferred maintenance, or whether the plant requires expansion or additional equipment. An engineering study was completed in 2009 related to the study.

A large percentage of the water consumption is by State institutions. Infrastructure is in place to serve future expansion for State facilities. The City is fortunate to have ample water supply to provide service to these areas. The water well system has also been well maintained and is available to supply water to potential customers. The City has access to a sufficient water supply to meet the needs of the City for many years into the future. The contract with TRA provided for the City to pay \$0.0283 per 1,000 gallons per day for the rights to 10 million gallons per day. Future purchases of water rights could cost as much as \$0.30 per 1,000 gallons. Consequently, in October 2006, approval was obtained for the purchase of an additional 10 million gallons in water rights at the current rate of \$0.0283 per day.

The city developed a comprehensive water rate plan to provide for capital funding and replacement. The voters approved plant improvements of approximately \$18 million to be funded in FY 2012. The plan, currently being updated, includes consideration of contract debt from TRA to the City for plant expansion costs.

The 77<sup>th</sup> Legislature passed H.B. 3655 which created the Bluebonnet Groundwater Conservation District (the "District"). The District covers Anderson, Grimes, and Walker counties. The District assesses fees for its operations on groundwater producers in excess of 10 million gallons annually. The District assesses a 3.5 cent per thousand gallons fee. Huntsville pays approximately \$26,000 per year to the District for its groundwater pumpage.

### Solid Waste Fund

The Solid Waste Fund is an Enterprise Fund which provides for the collection and disposal of solid waste, in accordance with standards established by the Texas Commission on Environmental Quality, the United States Environmental Protection Agency, and City ordinances. This fund accounts for the cost of providing this service with user fees as the source of income. The City operates the only solid waste disposal facility in Walker County. A program to recycle white goods, tires, metals, yard waste, wood pallets, oil and oil filters has been in the operation at the solid waste disposal facility since March 1990.

In 1993, the City issued \$1,600,000 in certificates of obligation (CO's) to finance the closing of the City landfill, the construction of a transfer station, the purchase of equipment for use in transferring the waste, and the related engineering costs of the change. The certificates were refunded in FY 2004 and now have been paid in full.

The primary sources of revenue are charges to customers for collection and disposal services. In addition to residential collection services, the City operates a commercial container collection system. Rates for commercial containers are based on the size of the containers and the number of pick-ups per month.

Comparative analytical data is presented below for the Solid Waste Fund:

	2010-11	2009-10	2008-09	2007-08	2006-07
<b>Net Operating Income (loss)*</b>	\$ 244,130	\$ 105,917	\$ 548,092	\$ (206,940)	\$ 194,567
<b>Working Capital</b>	2,087,758	1,890,286	1,812,154	1,296,925	1,653,411
<b>Net Assets-Unreserved</b>	1,944,784	1,800,866	1,687,113	1,301,254	1,559,530

\*Before operating transfers

Working capital increased \$192,472 from the prior year and unreserved net assets increased \$143,918.

#### Future Outlook – Solid Waste

The City completed implemented of a new, automated system of residential collection to replace the current manual system. Implementation continued into the subsequent fiscal year. The City will continue to look at waste minimization through composting, recycling, and other methods of solid waste reduction to make disposal as efficient as possible. A recycling pilot program began in 2009 and is being expanded. New areas were added to the program in FY 2011. The City actively researches new disposal methods and seeks commercial customers providing additional income.

### **INTERNAL SERVICE FUNDS**

Internal Service Funds (ISF) are used to charge other City funds for services they provide within the organization. The City uses Internal Service Funds in two primary ways: (1) to accumulate funds for the replacement of equipment; and (2) to account for the cost of providing service to other user departments. The City has the following Internal Service Funds: Medical Insurance, Equipment Replacement, and Computer Equipment Replacement.

#### **Equipment Replacement Funds**

The Equipment Replacement Fund provides fleet and rolling stock equipment for the City. The Computer Equipment Replacement Fund provides computer equipment and software for the City. The funds receive lease charges from user divisions based on the economic life of the equipment and vehicles. The funds then used to purchase replacement equipment as scheduled and/or as conditions warrant. User divisions are charged an annual lease fee, based on the useful life and anticipated replacement cost for assets assigned to the division. The replacement schedules are reviewed annually, as part of the budget process. The revenues are transferred from user division budgets to ensure that sufficient funds are available to fund expenses. A lease charge is assessed the following year of a new purchase to fund replacement of the equipment in future years. The new items are accounted for as assets in the equipment replacement funds. Initial funding for additional equipment is budgeted in the user divisions. The equipment is purchased and accounted for in the equipment replacement internal service funds. The Capital Equipment and Computer Replacement Funds had total net assets of \$4,409,682 and \$552,011, respectively, at year end for a total of \$4,961,693.

#### **Medical Insurance Fund**

In accordance with the Government Accounting Standard Board (GASB) Statement 10, the City classifies its Medical Insurance Fund as an Internal Service Fund. The City has been self-funded for medical insurance since 1985, and during the budget process each year has reviewed funding requirements, fund equity, and plan provisions. This fund is used to account for the accumulation of resources for medical, dental, and selected benefit coverage for employees and dependents. The employees, at their option, may elect to purchase dependent coverage at their expense. Fund equity on September 30, 2011 was \$2,242,864. Rates have been increased to cover increasing costs and to provide sufficient reserves. Employees' contributions began in FY 2006. Aggregate liabilities were \$161,200 at year end. In preparation for implementation of Government Accounting and Standards Board (GASB) Statement 45, the City contracted for an independent actuarial study to assess liability related to funding retirees' insurance. Future annual reports will reflect liabilities pursuant to the study and City policies. FY 2008-2009 marked the first year of reporting under GASB 45. The actual study was updated in FY 2010 and included projected liabilities for FY 2011 in a pay as you go basis. During the fiscal year the City funded an irrevocable trust in the amount of \$1,500,000 to offset the liability. To allow the trust to grow, claims are not paid from the trust but from the Medical Fund budget.

#### **Internal Service Fund Activity as of September 30, 2011 (in thousands)**

	<b>Medical Insurance Fund</b>	<b>Equipment Replacement Fund</b>	<b>Computer Replacement Fund</b>	<b>Total</b>
Revenues, Interest & Transfers	\$3,884,474	\$982,211	\$116,110	\$4,982,795
Operating Expenses	<u>(4,478,619)</u>	<u>(1,057,038)</u>	<u>(304,591)</u>	<u>(5,840,248)</u>
Change in Net Assets	(594,145)	(74,827)	(188,481)	(857,453)
Net Assets – Beginning	<u>2,837,009</u>	<u>4,484,509</u>	<u>740,492</u>	<u>8,062,010</u>
Net Assets - Ending	\$2,242,864	\$4,409,682	\$552,011	\$7,204,557



**Internal Service Fund Activity cont.**  
**as of September 30, 2011**  
**(in thousands)**

**Cash flows from Capital and Related Financing Activities**

	<b>Medical Insurance Fund</b>	<b>Equipment Replacement Fund</b>	<b>Computer Replacement Fund</b>	<b>Total</b>
Principal and Interest Paid	\$ -	\$ 215	\$ -	\$ 215
Proceeds from Capital Lease	-	-	-	-
Acquisition of Assets	-	713	62	775
Proceeds from Sales	-	-	-	-
Cash Used for Capital	\$ -	\$ 928	\$ 62	\$ 990

**RETIREMENT PLAN & POST EMPLOYMENT BENEFITS**

Pension

On October 1, 1989, the City became a member of the Texas Municipal Retirement System. The City of Huntsville is not part of the Federal Social Security System. Note "I" to the Financial Statements (Pension Plan) gives a detailed overview of the plan, the City's contributions, and the contingent liability. Annual pension costs were \$2,179,594 decreasing \$441,409 for the year with a funding ratio of 85%, the accrual liability was \$7,881,509.

OPEB Insurance

Effective for fiscal year 2009, the City implemented GASB 45 accounting for postemployment insurance benefits for retirees. Pursuant to the accounting requirement, an actuarial study was conducted. The net pension obligation recorded for the year 2011 was \$1,647,478, and the accrued liability described in the footnotes is \$18,857,239. The City has made changes to its insurance program as a result of the study, including implementing a separate program for new hires and providing options with varied costs for active employees. In the 2011 fiscal year, the City funded an irrevocable trust in the amount of \$1,500,000.

**FUND BALANCES AND FUND EQUITY**

The City continues the policy that all fund balances maintain sufficient reserve to meet cash flow requirements and to fund emergency needs. The city's balances are adequate for these needs. It is the policy of the City to generate the required funds for current year operating expenses (excluding depreciation) in the Enterprise funds. Funds available from the prior year less appropriate amounts for cash flow and emergencies may be used for capital purchases or transferred to the Capital Projects Fund. Fund balances and unallocated funds are reviewed each year.

The General Fund balance increased \$81,152 with \$711,613 in revenues over expenditures and \$630,461 in transfers out. Revenues approximated budget, and expenditures were substantially under budget. Sales tax revenue was \$243,698 over projections. Sales tax revenues had risen at a steady pace in the past prior to the recession with growth in the local university and more students living in the city.

The Debt Service Fund balance increased \$38,170. Property tax revenue exceeded budget by \$354,167.

The Street Fund balance decreased (\$651,229). Other governmental funds experienced fund balance decreases for a combination of \$3.5 million with the inclusion of Capital Project Funds in this group (\$3 million).

The Water Fund posted an asset equity increase of \$1.8 million and Wastewater an increase of \$1.5 million. Water revenue increased \$1.4 million following a decrease of \$523,000 the prior year. Revenues for the Water Fund reflect volatility related to the weather. Wastewater revenue increased \$500,000 vs. a (\$153,000) decrease in the prior year. Wastewater expenditures increased \$200,000 with a \$1.5 million increase to net assets. The base rate for both funds was lowered \$2 beginning in 2010.

The Solid Waste enterprise fund posted an asset equity increase of \$187,994. Revenue exceeded expenditures by \$244,130.

## *Basic Financial Statements*

## CITY OF HUNTSVILLE, TEXAS

## STATEMENT OF NET ASSETS

SEPTEMBER 30, 2011

	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
<i>Cash and cash equivalents</i>	\$ 4,853,872	\$ 4,426,277	\$ 9,280,149
<i>Investments</i>	13,585,393	10,039,908	23,625,301
<i>Prepaid expenses</i>	2,861	--	2,861
Accounts receivable:			
<i>Receivables (net of allowances for uncollectibles)</i>	586,813	2,744,657	3,331,470
<i>Sales tax</i>	535,070	--	535,070
<i>Property taxes</i>	234,597	--	234,597
<i>Grants</i>	586,735	214	586,949
<i>Other</i>	339,406	18,958	358,364
<i>Interest</i>	1,078	--	1,078
<i>Internal balances</i>	37,011	(37,011)	--
<i>Due from other governments</i>	820	--	820
<i>Inventories</i>	117,890	136,511	254,401
Restricted assets:			
<i>Cash and cash equivalents</i>	--	1,704,725	1,704,725
<i>Investments</i>	--	1,500,000	1,500,000
<i>Investment in joint venture</i>	--	15,631,141	15,631,141
<i>Deferred charges - bond issuance costs</i>	322,093	308,235	630,328
<i>Capital assets not being depreciated</i>	5,584,918	4,230,059	9,814,977
<i>Capital assets (net of accumulated depreciation)</i>	28,497,749	47,942,303	76,440,052
<b>Total Assets</b>	<b>55,286,306</b>	<b>88,645,977</b>	<b>143,932,283</b>
<b>LIABILITIES:</b>			
<i>Accounts payable</i>	1,277,883	707,419	1,985,302
<i>Accrued interest</i>	97,396	12,707	110,103
Liabilities payable from restricted assets:			
<i>Customer deposits</i>	--	849,176	849,176
<i>Accrued interest</i>	--	107,187	107,187
<i>Accrued liabilities</i>	557,222	181,630	738,852
<i>Due to other governments</i>	137,363	30,918	168,281
<i>Due to others</i>	83,192	--	83,192
Noncurrent Liabilities-			
<i>Due within one year</i>	2,105,800	2,928,063	5,033,863
<i>Due in more than one year</i>	22,986,978	17,583,284	40,570,262
<b>Total Liabilities</b>	<b>27,245,834</b>	<b>22,400,384</b>	<b>49,646,218</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	14,982,393	41,167,362	56,149,755
Restricted For:			
Federal and State Programs	59	--	59
Debt Service	705,800	--	705,800
Capital Projects	2,898,732	--	2,898,732
Unrestricted	9,453,488	25,078,231	34,531,719
<b>Total Net Assets</b>	<b>\$ 28,040,472</b>	<b>\$ 66,245,593</b>	<b>\$ 94,286,065</b>

The accompanying notes are an integral part of this statement.

# CITY OF HUNTSVILLE, TEXAS

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2011

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
PRIMARY GOVERNMENT:			
Governmental Activities:			
Charter offices	\$ 219,632	\$ --	\$ --
Administrative services	553,173	--	--
Finance	959,422	902,445	--
Public works	8,191,939	735,745	54,283
Community services	2,745,391	545,891	837,043
Public safety	6,772,314	399,662	428,335
Interest on Long-term Debt	735,374	--	--
Total Governmental Activities	20,177,245	2,583,743	1,319,661
Business-type Activities:			
Water	10,553,087	11,475,640	682,080
Wastewater	7,325,201	8,387,721	467,899
Solid Waste	4,246,715	4,300,845	190,000
Total Business-type Activities	22,125,003	24,164,206	1,339,979
Total Primary Government	\$ 42,302,248	\$ 26,747,949	\$ 2,659,640

### General Revenues:

*Property Taxes*

*Sales Taxes*

*Franchise Taxes*

*Other Taxes*

*Unrestricted Investment Earnings*

*Other*

### Transfers

Total General Revenues

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (219,632)		\$ (219,632)
(553,173)		(553,173)
(56,977)		(56,977)
(7,401,911)		(7,401,911)
(1,362,457)		(1,362,457)
(5,944,317)		(5,944,317)
(735,374)		(735,374)
<u>(16,273,841)</u>		<u>(16,273,841)</u>
--	\$ 1,604,633	1,604,633
--	1,530,419	1,530,419
--	244,130	244,130
--	3,379,182	3,379,182
<u>(16,273,841)</u>	<u>3,379,182</u>	<u>(12,894,659)</u>
4,945,427	--	4,945,427
6,443,698	--	6,443,698
2,893,671	--	2,893,671
647,106	--	647,106
182,985	141,713	324,698
256,999	21,557	278,556
16,745	(16,745)	--
<u>15,386,631</u>	<u>146,525</u>	<u>15,533,156</u>
<u>(887,209)</u>	<u>3,525,707</u>	<u>2,638,498</u>
28,927,681	62,719,886	91,647,567
<u>\$ 28,040,472</u>	<u>\$ 66,245,593</u>	<u>\$ 94,286,065</u>

**CITY OF HUNTSVILLE, TEXAS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2011**

	General Fund	Street	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>				
<i>Cash and cash equivalents</i>	\$ 2,225,145	\$ 534,423	\$ 1,116,462	\$ 3,876,030
<i>Investments</i>	6,947,922	322	4,219,498	11,167,742
<i>Prepaid expenses</i>	2,861	--	--	2,861
<i>Accounts receivable:</i>				
<i>Receivables (net of allowances for uncollectibles)</i>	67,919	1,868	38,263	108,050
<i>Sales tax</i>	535,070	--	--	535,070
<i>Property taxes</i>	124,946	--	109,651	234,597
<i>Grants</i>	--	--	586,735	586,735
<i>Other</i>	585	206,376	44,900	251,861
<i>Interest</i>	1,078	--	--	1,078
<i>Due from other funds</i>	468,565	19,385	3,476	491,426
<i>Due from other governments</i>	820	--	--	820
<i>Inventories</i>	109,782	8,108	--	117,890
<i>Restricted assets:</i>				
<b>Total Assets</b>	<b>\$ 10,484,693</b>	<b>\$ 770,482</b>	<b>\$ 6,118,985</b>	<b>\$ 17,374,160</b>
<b>LIABILITIES:</b>				
<i>Accounts payable</i>	\$ 536,482	\$ 29,291	\$ 539,354	\$ 1,105,127
<i>Deferred revenue</i>	124,946	--	109,651	234,597
<i>Accrued liabilities</i>	474,470	51,991	30,761	557,222
<i>Due to other funds</i>	26,862	18,076	409,478	454,416
<i>Due to other governments</i>	117,829	--	19,534	137,363
<i>Due to others</i>	82,877	--	315	83,192
<b>Total Liabilities</b>	<b>1,363,466</b>	<b>99,358</b>	<b>1,109,093</b>	<b>2,571,917</b>
<b>FUND BALANCES:</b>				
<i>Nonspendable</i>				
<i>Inventory</i>	109,782	8,108	--	117,890
<i>Prepaid items</i>	2,861	--	--	2,861
<i>Permanent Funds</i>	--	--	461,377	461,377
<i>Restricted for:</i>				
<i>Debt service</i>	--	--	426,822	426,822
<i>Promotion of tourism</i>	--	--	292,367	292,367
<i>Purpose of grantors, trustees &amp; donors</i>	--	--	631,491	631,491
<i>Law enforcement</i>	--	--	101,531	101,531
<i>Committed for:</i>				
<i>Street maintenance</i>	--	663,016	--	663,016
<i>Airport maintenance</i>	--	--	28,245	28,245
<i>Property taxes in legal proceedings</i>	220,230	--	169,327	389,557
<i>Assigned to:</i>				
<i>Construction of capital assets</i>	--	--	2,898,732	2,898,732
<i>Unassigned</i>	8,788,354	--	--	8,788,354
<b>Total Fund Balances</b>	<b>9,121,227</b>	<b>671,124</b>	<b>5,009,892</b>	<b>14,802,243</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 10,484,693</b>	<b>\$ 770,482</b>	<b>\$ 6,118,985</b>	<b>\$ 17,374,160</b>

The accompanying notes are an integral part of this statement.

**CITY OF HUNTSVILLE, TEXAS**

*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2011*

Total fund balances - governmental funds balance sheet \$ 14,802,243

Amounts reported for governmental activities in the Statement of Net Assets  
("SNA") are different because:

Capital assets used in governmental activities are not reported in the funds.	29,770,884
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	234,597
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	7,204,557
Payables for bond principal which are not due in the current period are not reported in the funds.	(18,544,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(82,687)
Payables for notes which are not due in the current period are not reported in the funds.	(155,000)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(1,206,276)
Payables for contracts which are not due in the current period are not reported in the funds.	(1,647,478)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	(3,130,624)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	322,093
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	472,163

Net assets of governmental activities - Statement of Net Assets \$ 28,040,472

The accompanying notes are an integral part of this statement.

**CITY OF HUNTSVILLE, TEXAS**
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	General Fund	Street	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Property taxes	\$ 2,580,833	\$ --	\$ 2,342,582	\$ 4,923,415
Sales tax	6,443,698	--	--	6,443,698
Franchise fees	--	2,893,671	--	2,893,671
Other taxes	97,882	--	549,224	647,106
Licenses and permits	279,085	--	--	279,085
Charges for sales and services	423,333	78,096	392,214	893,643
Fines, fees, and forfeitures	880,502	--	60,947	941,449
Donations, contributions, and grants	155,573	12,735	880,187	1,048,495
Investment income	117,816	1,775	63,395	182,986
Other	547,182	327,091	58,517	932,790
Administrative cost reimbursement	4,894,039	--	--	4,894,039
Total Revenues	16,419,943	3,313,368	4,347,066	24,080,377
EXPENDITURES:				
Charter office	740,769	--	--	740,769
Administrative services	3,140,407	--	--	3,140,407
Finance	1,351,654	--	16,066	1,367,720
Public works	2,075,329	3,504,576	1,052,082	6,631,987
Community services	2,322,385	--	4,194,944	6,517,329
Public safety	5,919,236	--	853,078	6,772,314
Debt Service:				
Principal retirement	150,000	--	1,363,000	1,513,000
Interest and fiscal charges	8,550	--	728,424	736,974
Total Expenditures	15,708,330	3,504,576	8,207,594	27,420,500
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	711,613	(191,208)	(3,860,528)	(3,340,123)
OTHER FINANCING SOURCES (USES)				
Transfers in	230,991	10,000	1,662,395	1,903,386
Transfers out	(861,452)	(470,021)	(781,668)	(2,113,141)
Total other financing sources (uses)	(630,461)	(460,021)	880,727	(209,755)
NET CHANGE IN FUND BALANCES	81,152	(651,229)	(2,979,801)	(3,549,878)
FUND BALANCE, Beginning of period	9,040,075	1,322,353	7,989,693	18,352,121
FUND BALANCE, End of period	\$ 9,121,227	\$ 671,124	\$ 5,009,892	\$ 14,802,243

The accompanying notes are an integral part of this statement.



**CITY OF HUNTSVILLE, TEXAS**

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2011*

Net change in fund balances - total governmental funds \$ (3,549,878)

Amounts reported for governmental activities in the Statement of Activities  
("SOA") are different because:

Capital outlays are not reported as expenses in the SOA.	3,823,628
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,088,586)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	22,012
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,363,000
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	150,000
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(36,026)
(Increase) decrease in accrued interest from beginning of period to end of period.	37,626
The net revenue (expense) of internal service funds is reported with governmental activities.	(857,453)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(125,555)
Special termination benefits are reported as the amount earned in the SOA but as the amount paid in the funds	309,082
Uncollected court fines are not recorded as revenue in the funds.	64,941

Change in net assets of governmental activities - Statement of Activities \$ (887,209)

The accompanying notes are an integral part of this statement.

# CITY OF HUNTSVILLE, TEXAS

## STATEMENT OF NET ASSETS

### PROPRIETARY FUNDS

SEPTEMBER 30, 2011

	Enterprise Fund	Enterprise Fund
	Water Fund	Wastewater Fund
<b>ASSETS:</b>		
Current Assets:		
Cash and cash equivalents	\$ 3,179,073	\$ 1,823,498
Investments	3,106,708	4,104,970
Accounts receivable:		
Receivables (net of allowances for uncollectibles)	1,306,101	1,116,745
Grants	103	111
Other	2,360	15,724
Interest	--	3,633
Due from other funds	5,048	8,684
Inventories	123,456	13,055
Restricted assets:		
Cash and cash equivalents	339,740	1,364,985
Investments	200,000	1,300,000
Total Current Assets	8,262,589	9,751,405
Noncurrent Assets		
Investment in joint venture	15,631,141	--
Deferred charges - bond issuance costs	48,758	250,802
Capital assets not being depreciated	1,978,820	2,251,239
Capital assets (net of accumulated depreciation)	14,924,291	32,389,473
Total Noncurrent Assets	32,583,010	34,891,514
<b>Total Assets</b>	<b>\$ 40,845,599</b>	<b>\$ 44,642,919</b>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts payable	\$ 275,762	\$ 330,908
Accrued interest	12,707	--
Liabilities payable from restricted assets:		
Customer deposits	301,897	272,689
Accrued interest	38,002	69,185
Accrued liabilities	62,955	59,394
Due to other funds	18,443	6,057
Due to other governments	--	8,551
Noncurrent liabilities due within one year	1,205,000	1,676,051
Total Current Liabilities	1,914,766	2,422,835
Noncurrent Liabilities-		
Due in more than one year	8,605,663	8,872,983
Total Noncurrent Liabilities	8,605,663	8,872,983
Total Liabilities	10,520,429	11,295,818
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt	15,230,528	24,915,715
Unrestricted	15,094,642	8,431,386
Total Net Assets	30,325,170	33,347,101
<b>Total Liabilities and Net Assets</b>	<b>\$ 40,845,599</b>	<b>\$ 44,642,919</b>

The accompanying notes are an integral part of this statement.

Enterprise Fund		Total Enterprise Funds		Internal Service Funds
Solid Waste Fund				
\$ 689,201		\$ 5,691,772		\$ 966,286
1,559,102		8,770,780		2,417,651
321,811		2,744,657		6,600
--		214		--
874		18,958		87,546
--		3,633		--
7,901		21,633		--
--		136,511		--
--		1,704,725		--
--		1,500,000		--
2,578,889		20,592,883		3,478,083
--		15,631,141		--
8,675		308,235		--
--		4,230,059		--
628,539		47,942,303		4,311,783
637,214		68,111,738		4,311,783
\$ 3,216,103		\$ 88,704,621		\$ 7,789,866
\$ 100,749		\$ 707,419		\$ 161,200
--		12,707		14,710
274,590		849,176		--
--		107,187		--
59,281		181,630		--
34,144		58,644		--
22,367		30,918		--
47,012		2,928,063		201,231
538,143		4,875,744		377,141
104,638		17,583,284		208,168
104,638		17,583,284		208,168
642,781		22,459,028		585,309
628,538		40,774,781		3,902,384
1,944,784		25,470,812		3,302,173
2,573,322		66,245,593		7,204,557
\$ 3,216,103		\$ 88,704,621		\$ 7,789,866

# CITY OF HUNTSVILLE, TEXAS

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Enterprise Fund	Enterprise Fund
	Water Fund	Wastewater Fund
OPERATING REVENUES:		
Service Charges:		
<i>Water sales</i>	\$ 10,932,888	\$ --
<i>Wastewater sales and services</i>	--	8,214,623
<i>Solid waste fees - residential and commercial</i>	--	--
<i>Solid waste fees - disposal</i>	--	--
<i>Inter-department sales and services</i>	334,336	62,991
Total service charges	<u>11,267,224</u>	<u>8,277,614</u>
Service Fees and Miscellaneous:		
<i>Tap and connection fees</i>	142,090	39,224
<i>Customer penalties and miscellaneous</i>	66,349	92,417
<i>Grants and contributions</i>	682,080	467,899
Total service fees and miscellaneous	<u>890,519</u>	<u>599,540</u>
Total Operating Revenues	<u>12,157,743</u>	<u>8,877,154</u>
OPERATING EXPENSES:		
<i>Administration</i>	2,720,768	2,685,693
<i>Water production and distribution</i>	2,066,517	--
<i>Wastewater collection and treatment</i>	--	2,496,695
<i>Solid waste collection and disposal</i>	--	--
<i>TRA joint venture</i>	3,975,727	--
<i>Utility billing/customer service</i>	646,584	--
<i>Lab/compliance</i>	--	249,704
<i>Equipment replacement</i>	--	--
<i>Depreciation expense</i>	805,423	1,387,281
Total Expenditures	<u>10,215,019</u>	<u>6,819,373</u>
OPERATING INCOME (LOSS)	<u>1,942,724</u>	<u>2,057,781</u>
NONOPERATING REVENUES (EXPENSES):		
<i>Interest income</i>	39,730	83,854
<i>Interest expense</i>	(338,068)	(505,828)
Total Non-operating Revenues (Expenses)	<u>(298,338)</u>	<u>(421,974)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFERS	<u>1,644,386</u>	<u>1,635,807</u>
CONTRIBUTIONS AND TRANSFERS :		
<i>Transfers in</i>	202,717	14,658
<i>Transfers out</i>	(56,030)	(103,825)
Total Contributions and Transfers	<u>146,687</u>	<u>(89,167)</u>
CHANGE IN NET ASSETS	1,791,073	1,546,640
TOTAL NET ASSETS - beginning	28,534,097	31,800,461
TOTAL NET ASSETS - end	<u>\$ 30,325,170</u>	<u>\$ 33,347,101</u>

The accompanying notes are an integral part of this statement.

Enterprise Fund		Total Enterprise Funds		Internal Service Funds
Solid Waste Fund				
\$ --		\$ 10,932,888		\$ --
--		8,214,623		--
3,409,111		3,409,111		--
826,647		826,647		--
--		397,327		4,661,182
<u>4,235,758</u>		<u>23,780,596</u>		<u>4,661,182</u>
--		181,314		--
65,087		223,853		86,575
190,000		1,339,979		9,875
<u>255,087</u>		<u>1,745,146</u>		<u>96,450</u>
<u>4,490,845</u>		<u>25,525,742</u>		<u>4,757,632</u>
1,293,443		6,699,904		4,478,619
--		2,066,517		--
--		2,496,695		--
2,858,743		2,858,743		--
--		3,975,727		--
--		646,584		--
--		249,704		--
--		--		113,262
94,529		2,287,233		1,248,367
<u>4,246,715</u>		<u>21,281,107</u>		<u>5,840,248</u>
<u>244,130</u>		<u>4,244,635</u>		<u>(1,082,616)</u>
18,129		141,713		19,474
--		(843,896)		(20,811)
<u>18,129</u>		<u>(702,183)</u>		<u>(1,337)</u>
<u>262,259</u>		<u>3,542,452</u>		<u>(1,083,953)</u>
--		217,375		300,000
(74,265)		(234,120)		(73,500)
<u>(74,265)</u>		<u>(16,745)</u>		<u>226,500</u>
187,994		3,525,707		(857,453)
2,385,328		62,719,886		8,062,010
<u>\$ 2,573,322</u>		<u>\$ 66,245,593</u>		<u>\$ 7,204,557</u>

# CITY OF HUNTSVILLE, TEXAS

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Enterprise Funds		
	Water Fund	Waste Water Fund	Solid Waste Fund
<b>Cash Flows from Operating Activities:</b>			
<i>Cash Received from Customers</i>	\$ 10,753,830	\$ 7,890,923	\$ 4,298,169
<i>Cash Received from Grants and Contributions</i>	682,080	467,899	190,606
<i>Interfund Services Provided and Used</i>	338,601	52,773	--
<i>Cash Payments to Employees for Services</i>	(1,526,257)	(1,399,136)	(1,283,082)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(3,765,154)	(3,879,828)	(2,820,533)
<i>Cash Payments for TRA Joint Venture</i>	(2,624,630)	--	--
Net Cash Provided (Used) by Operating Activities	<u>3,858,470</u>	<u>3,132,631</u>	<u>385,160</u>
<b>Cash Flows from Non-capital Financing Activities:</b>			
<i>Transfers From Other Funds</i>	202,717	14,658	--
<i>Transfers To Funds</i>	(56,030)	(103,825)	(74,265)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>146,687</u>	<u>(89,167)</u>	<u>(74,265)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
<i>Principal and Interest Paid</i>	(1,513,070)	(6,920,828)	--
<i>Proceeds from Bonds</i>	--	4,930,000	--
<i>Capital Contributions</i>	--	--	--
<i>Acquisition or Construction of Capital Assets</i>	(1,623,388)	(1,920,349)	(138,607)
<i>Proceeds for the Disposition of Capital Assets</i>	--	--	--
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>(3,136,458)</u>	<u>(3,911,177)</u>	<u>(138,607)</u>
<b>Cash Flows from Investing Activities:</b>			
<i>Purchase of Investments</i>	(4,427,080)	(8,578,239)	(1,859,101)
<i>Maturity of Investments</i>	2,960,419	7,205,419	500,000
<i>Interest and Dividends on Investments</i>	39,730	80,221	18,129
Net Cash Provided (Used) for Investing Activities	<u>(1,426,931)</u>	<u>(1,292,599)</u>	<u>(1,340,972)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(558,232)	(2,160,312)	(1,168,684)
Cash and Cash Equivalents at Beginning of Year	4,077,045	5,348,795	1,857,885
Cash and Cash Equivalents at End of Year	<u>\$ 3,518,813</u>	<u>\$ 3,188,483</u>	<u>\$ 689,201</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating Income (Loss)	\$ 1,942,724	\$ 2,057,781	\$ 244,130
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
<i>Depreciation/Amortization</i>	805,423	1,387,281	94,529
Change in Assets and Liabilities:			
<i>Decrease (Increase) in Prepaid Expenses</i>	--	--	--
<i>Decrease (Increase) in Receivables</i>	(392,153)	(457,994)	(7,811)
<i>Decrease (Increase) in Inventories</i>	14,294	847	--
<i>Decrease (Increase) in Joint Venture</i>	1,351,097	--	--
<i>Decrease (Increase) in Bond Issue Costs</i>	--	--	--
<i>Increase (Decrease) in Accounts Payable</i>	132,415	146,007	37,191
<i>Increase (Decrease) in Customer Deposits</i>	4,657	2,653	5,135
<i>Increase (Decrease) in Compensated Absences</i>	(4,664)	5,533	9,484
<i>Increase (Decrease) in Interfund Payables</i>	4,265	(10,218)	(3,119)
<i>Increase (Decrease) in Due to Other Governments</i>	--	--	606
<i>Increase (Decrease) in Accrued Expenses</i>	412	741	5,015
Total Adjustments	<u>1,915,746</u>	<u>1,074,850</u>	<u>141,030</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,858,470</u>	<u>\$ 3,132,631</u>	<u>\$ 385,160</u>

The accompanying notes are an integral part of this statement.

**EXHIBIT A-9**

<u>Totals</u>	<u>Internal Service Funds</u>
\$ 22,942,922	\$ 79,975
1,340,585	9,875
391,374	4,573,636
(4,208,475)	--
(10,465,515)	(4,611,106)
(2,624,630)	--
<u>7,376,261</u>	<u>52,380</u>
217,375	300,000
(234,120)	(73,500)
<u>(16,745)</u>	<u>226,500</u>
(8,433,898)	(215,338)
4,930,000	--
--	--
(3,682,344)	(774,947)
--	--
<u>(7,186,242)</u>	<u>(990,285)</u>
(14,864,420)	(2,417,651)
10,665,838	--
138,080	19,474
<u>(4,060,502)</u>	<u>(2,398,177)</u>
(3,887,228)	(3,109,582)
11,283,725	4,075,868
<u>\$ 7,396,497</u>	<u>\$ 966,286</u>
\$ 4,244,635	\$ (1,082,616)
2,287,233	1,248,367
--	--
(857,958)	(94,146)
15,141	--
1,351,097	--
--	--
315,613	(19,225)
12,445	--
10,353	--
(9,072)	--
606	--
6,168	--
<u>3,131,626</u>	<u>1,134,996</u>
<u>\$ 7,376,261</u>	<u>\$ 52,380</u>

**CITY OF HUNTSVILLE, TEXAS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2011**

	PEB Trust Medical Fund	Agency Funds
ASSETS:		
<i>Cash and cash equivalents</i>	\$ --	\$ 11,557
Restricted assets:		
<i>Investments</i>	1,353,908	--
Total Assets	<u>1,353,908</u>	<u>11,557</u>
LIABILITIES:		
<i>Accounts payable</i>	--	11,557
Total Liabilities	<u>--</u>	<u>11,557</u>
NET ASSETS:		
<i>Held in trust for other postemployment benefits</i>	<u>\$ 1,353,908</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.



**CITY OF HUNTSVILLE, TEXAS***STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**FIDUCIARY FUNDS**FOR THE YEAR ENDED SEPTEMBER 30, 2011*

	PEB Trust Medical Fund
<b>Additions:</b>	
Investment Income	\$ 12,731
Net (Decrease) in Fair Value of Investments	(158,823)
Employer Contributions	1,500,000
Total Additions	<u>1,353,908</u>
<b>Deductions:</b>	
Benefits	--
Administrative Expenses	--
Total Deductions	<u>--</u>
<b>Change in Net Assets</b>	1,353,908
Net Assets-Beginning of the Year	--
Net Assets-End of the Year	<u><u>\$ 1,353,908</u></u>

The accompanying notes are an integral part of this statement.

**CITY OF HUNTSVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**A. Summary of Significant Accounting Policies**

The accounting and reporting policies of the City of Huntsville, Texas, ("the City"), included in the accompanying basic financial statements conform to the generally accepted accounting principles (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the City's Comprehensive Annual Financial Report.

**1. Reporting Entity**

The City is a municipal corporation governed by an elected mayor and eight-member council. As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the City (the primary government). Each blended component unit has a September 30 year end.

The following blended component unit is reported as a Special Revenue Fund:

Huntsville Natural & Cultural Resources, Inc. (HNCR) is a nonprofit corporation created by the City to receive donations of land and money to provide park facilities and protection of cultural/historic amenities of the City. The City's Parks Advisory Board (all members of which are appointed by City Council) acts as Board of Directors. All decisions (financial etc.) of HNCR require the approval of the City of Huntsville's City Council. HNCR does not issue separate financial statements but financial information relating to HNCR, including its 990 (Internal Revenue Service "Return of Organization Exempt from Income Tax"), may be obtained from the City of Huntsville, 1212 Avenue M, Huntsville, Texas 77340. HNCR has only received donations of land during its existence which the City has included in its Capital Assets. No other activity occurred which would be recorded as revenue or expenditure. Consequently, no special revenue fund statements have been prepared for HNCR.

**2. Basis of Presentation**

**BASIC FINANCIAL STATEMENTS**

The basic financial statements include both government-wide financial statements (based on the City as a whole) and fund financial statements. Both sets of financial statements classify activities as either governmental, which are supported by taxes and intergovernmental revenues, or business-type activities, which rely on fees and charges for support.

Government-wide financial statements:

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given program or function are offset by the program's revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given program and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. The effect of interfund activity within the governmental and business-type activities columns has been removed from these statements.

Fund financial statements:

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Each fund is considered a separate accounting entity and the operations of each fund are accounted for using a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriated. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Separate statements

**CITY OF HUNTSVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

are presented for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

The government wide focus is on the sustainability of the City as an entity and the change in net financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories. Each presentation provides a different focus, which allows the reader to compare and analyze the information to enhance the usefulness of the statements.

**GOVERNMENTAL FUND TYPES**

Governmental Funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds (in the fund financial statements) is on the sources, uses and balance of current financial resources and include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds. The individual funds are described as follows:

Major Governmental Funds

General Fund - The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Street Special Revenue Fund - The Street Special Revenue Fund is used to account for the proceeds of revenue sources that are restricted to expenditures for street repairs and improvements.

Non-major Governmental Funds

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs.

Special Revenue Funds - The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are restricted to expenditures for specified purposes.

Capital Projects Funds - The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by the Proprietary Fund Types. Such resources are derived from proceeds of general obligation bonds or other sources of revenue specifically set aside for capital projects.

Permanent Funds - The Permanent Funds are used to report resources that are legally restricted to the extent that only earnings and not principal, may be used for purposes that support the City's Library and Cemetery operations.

**PROPRIETARY FUND TYPES**

The Proprietary Fund Types are used to account for the City's organization and activities which are similar to those often found in the private sector. These funds are financed and operated in a manner similar to private business enterprises - where the intent of the City is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered mainly through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**CITY OF HUNTSVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

Major Proprietary Funds

Water Fund - This fund accounts for the provision of water services to the residents of the City and some residents of the county. All activities necessary to provide such services are accounted for in these funds including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Wastewater Fund - This fund accounts for the provision of wastewater services to the residents of the City and some residents of the county. All activities necessary to provide such services are accounted for in these funds including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Solid Waste Fund - This fund accounts for all solid waste collection and disposal services the City provided to residents (residential and commercial) of the City and some residents of the county. All activities necessary to provide such services are accounted for in these funds including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Non-major Proprietary Funds

Enterprise Funds - The fund that is operated as an enterprise fund within the City but is not considered a major fund is the Oakwood Cemetery Operation Fund.

Internal Service Funds - The Internal Service Funds, which provide services primarily to other funds of the government, are presented in the summary form as part of the proprietary fund financial statements. The financial statements of the internal service funds are allocated by percentage of use to the governmental and business-type columns when presented at the government wide level. Various operations are accounted for as internal service funds, such as operational costs associated with automobile and heavy equipment and repairing City owned facilities, operational costs associated with the City's computer equipment within various departments, as well as jointly shared administrative departments.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principle on-going operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

3. Measurement Focus/Basis of Accounting.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Measurement focus refers to what is being measured and basis of accounting refers to timing of revenue and expenditure recognition in the financial statements.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled utility services which are accrued. Expenses are recognized at the time the liability is incurred.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow private-sector guidance issued subsequent to November 30, 1989.

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both

**CITY OF HUNTSVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues available if they are collected within sixty (60) days after year-end. Expenditures are recognized when the related fund liability is incurred, if measurable, except for principal and interest on general long-term debt, which are recorded when due, and compensated absences, which are recorded when payable from currently available financial resources.

Ad valorem, sales, hotel, and franchise tax revenues recorded in the Governmental Fund Types are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues (except earning on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

4. Budgets.

At least 30 days prior to the end of each fiscal year, the City Manager submits a proposed budget presenting a complete financial plan for the ensuing fiscal year to the City Council (the Council). Public hearings are conducted, at which time all interested persons' comments concerning the budget are heard. The budget must be legally adopted by the Council through passage of an ordinance no later than the twenty-seventh day of the last month of the fiscal year.

Formal budgetary integration is employed as a management control device during the year for all Governmental and Proprietary Fund Types. All budgets are prepared on the budgetary basis, except Capital Project Funds and the following Special Revenue Funds: Police Forfeiture Fund, Federal Grants Fund, and the Area Revitalization Special Revenue Fund. Budgetary control is exercised at the division level. The encumbrances outstanding at year-end are recognized as expenditures against that year's appropriation. These encumbrances are reconciled to generally accepted accounting principles where appropriate.

Any changes in the budget must be within the revenues and reserves estimated as available by the City Manager or the revenue estimates must be changed by an affirmative vote of a majority of City Council. The City Manager is authorized to make budget transfers within any fund except for salaries and benefits budgets. An amount is budgeted each year for contingencies which may arise, and the same budgetary controls apply to it also. In accordance with the legally adopted budget document and for state statute compliance purposes expenditures may not legally exceed budgeted appropriations at the division level. During the year, several supplementary appropriations were necessary.

The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results, except for the effect of encumbrances and unrealized investment gains and losses, which are reconciled to the actual results for this comparison.

5. Encumbrances.

Encumbrance accounting is employed as an extension of formal budgetary control in all funds. Encumbrance accounting is a process whereby purchase orders, contracts and other commitments for the expending of monies are recorded in order to reserve that portion of the applicable appropriation. Outstanding year-end encumbrances are reported as reservation of fund balances and do not constitute expenditures or liabilities because the commitments are carried forward into the subsequent fiscal year.

6. Cash and Investments.

For cash flow purposes, cash and cash equivalents consist of demand deposits, certificates of deposits and deposits in authorized investment pools.

Texas State law requires the City to adopt written investment policies. The City's investment policies are reviewed each year by Council and was last amended on September 5, 2007. The investment policy was first adopted in March, 1990, and also amended October 1, 1990, February 8, 1994, December 12, 1995, February

**CITY OF HUNTSVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

19, 1998, February 8, 2000, and September 28, 2001. Authorized investments include those outlined in the Texas Government Code. Authorized investments include:

- obligations of the United States or its agencies and instrumentalities;
- direct obligations of the state of Texas or its agencies and instrumentalities;
- obligations that the principal of and interest in which are unconditionally guaranteed by the State of Texas, or the United States or its agencies and instrumentalities;
- certain certificates of deposit issued by state and national banks domiciled in Texas;
- certain prime domestic bankers' acceptances (Texas Government Code Section 2256.009)
- commercial paper with a stated maturity of 270 days or less rated not less than A-1 or P-1;
- fully collateralized repurchase agreements;
- public funds investment pools approved by resolution of the City Council

The City currently invests in local government pools, and obligations of the United States or State of Texas or its agencies and instrumentalities, exclusively. Investments are reported at fair value. The City follows the provisions GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" ("Statement"). Those provisions require that certain investments be reported at fair value, rather than at cost or amortized cost, and that the changes in fair value of investments be recognized as investment revenue. The statement further provides that the City has the option of continuing to report certain investments at cost or amortized cost but must disclose its policy in this regard. In accordance with GASB Statement No. 31, the City's general policy is to report all investments at fair value.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its share.

The City investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a-7 like, in which case they are reported at share value. A 2a-7 like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940.

**7. Restricted Assets**

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or legal agreements. The "customer deposit account" is used to report utility customer deposits required to be segregated by the deposit agreement. "Construction funds account" is used to report those proceeds of revenue bond issuance and/or certificate of obligation issuances that are restricted for use in construction. The "revenue bond interest and sinking account" is used to segregate resources accumulated for debt service payments over the next twelve months. The "bond reserve account" are used to report resources set aside to make up potential

**CITY OF HUNTSVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

future deficiencies in the revenue bond current debt service account.

**8. Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

All trade receivables are shown net of an allowance for uncollectibles. Trade receivables are reviewed at year-end to establish or update the provisions for estimated uncollectible receivables. These provisions are estimated based on an analysis of an aging of the year-end accounts receivable balance and/or the historical rate of uncollectibility.

Taxes Receivable - Property taxes levied for the current year are recorded on the balance sheet as taxes receivable and deferred revenue at the beginning of the year. Property taxes are recognized as revenue when collected in cash at which time the balance sheet accounts, taxes receivable and deferred revenue are reduced by the amount of the collection. The amount of taxes receivable at year-end that would be collected soon enough to be used to pay liabilities of the current period is immaterial. At year-end, all uncollected property taxes are reported on the balance sheet as taxes receivable and deferred revenue. In accordance with governing statutes, property taxes were levied on October 1, 2008, to provide a revenue source to be used to finance the current year's budget. Taxes levied on October 1, 2008, were due and payable by January 31, 2009. On January 1, 2009 a tax lien is attached to property to secure the payment of all taxes, penalties and interest ultimately imposed for one year on that property. After January 31, 2009, unpaid taxes began to accrue a penalty and interest charge until paid. On July 1, 2009 after levy, delinquent taxes were turned over to the City's delinquent tax attorney for collection and/or filing of suit for collection. The City is prohibited from charging off real property taxes without specific statutory authority from the Texas Legislature.

**9. Inventories**

Inventories are valued at cost using the average cost method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

**10. Interfund Transactions**

Interfund services provided and used are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services provided and used and reimbursements, are reported as transfers. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**11. Compensated Absences**

Vested or accumulated vacation leave is reported as an expenditure and a fund liability of the governmental fund that will pay what has matured, for example, as a result of employee resignations and retirements. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

It is the City's policy to permit employees to accumulate unused sick pay benefits. The City has a policy to pay a portion of unused sick pay benefits when employees separate from service. In the government wide financial statements and proprietary fund types a liabilities are included in the statements.

**12. Capital Assets**

**CITY OF HUNTSVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

Capital Assets other than Streets and Drainage:

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at their historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more and an expected useful life of over one year.

Interest incurred during the construction phase of capital assets of business-type activities is capitalized.

Depreciation of assets not following the modified approach is computed using the straight-line method on the composite assets based upon the estimated useful lives as follows:

Water Production and Distribution Systems	10-50 years
Wastewater Collection and Disposal Systems	10-50 years
Buildings and Improvements	25 years
Machinery, Tools, and Equipment	5-10 years
Automotive Equipment	5 years
Office Furniture and Equipment	3-5 years

**13. Long-term Obligations**

The portion of long-term general obligation debt used to finance proprietary fund operations and payable from the revenues of the Enterprise Funds is recorded in such funds. General obligation bonds and other forms of long-term debt supported by general revenues are obligations of the City as a whole and not its individual funds. Accordingly, such unmatured obligations of the City are accounted for on the statement of net assets and payments of principal and interest relating to the general obligation bonds are recorded as expenditures when they are paid in the fund statements. Self supporting general obligation debt, which will be repaid from non-general revenue sources is recorded in the appropriate proprietary fund.

**14. Bond Issuance Costs**

For Governmental Fund Types, bond premiums and discounts, as well as issuance costs, are recognized during the current period on the fund financial statements. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For Proprietary Fund Types and on the government-wide statements, premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

**15. Fund Equity/Net Assets**

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used. The classifications, promulgated by GASB 54, apply to the governmental fund types.

Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

Committed fund balance - amounts constrained to specific purposes by a government itself, using its



**CITY OF HUNTSVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by City Council through adoption or amendment of the budget as intended for a specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

In the general fund, the City strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 16.67% of annual budgeted expenditures.

**B. Deposits and Investments**

At year-end the carrying amount of the City's bank deposits was \$983,285 and the bank's balance was \$1,328,816. Of the bank balance, \$470,151 was covered by federal depository insurance and the balance of collateral was held by the bank's agent in the City's name.

There was no difference in the "Carrying Amount" and "Fair Value" of the City's investments at year end.

A reconciliation of cash and investments as shown on the Balance Sheet for the City follows:

Cash on hand	\$	2,900
Carrying amount of deposits		983,285
Carrying amount of cash equivalents		<u>9,998,689</u>
Total	\$	<u>10,984,874</u>
Cash and Cash Equivalents	\$	9,280,149
Cash and Cash Equivalents - restricted		<u>1,704,725</u>
Total	\$	<u>10,984,874</u>

The City invests in external investment pools with a credit rating of AAA.

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

**CITY OF HUNTSVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

Analysis of Specific Deposit and Investment Risks

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name.

At year end, the City was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

C. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
Not applicable	Not applicable

2. Deficit Fund Balance or Fund Net Assets of Individual Funds

Following are funds having deficit fund balances or fund net assets at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
Not applicable	Not applicable	

**CITY OF HUNTSVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**D. Interfund Balances and Activity**

**1. Due To and From Other Funds**

Balances due to and due from other funds at September 30, 2011, consisted of the following:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Water Fund	\$ 8,371	Short-term loans
Water Fund	General Fund	4,896	Short-term loans
Water Fund	Wastewater Fund	152	Short-term loans
General Fund	Wastewater Fund	5,868	Short-term loans
General Fund	Special Revenue	407,178	Short-term loans
General Fund	Street Fund	13,004	Short-term loans
Wastewater Fund	Street Fund	5,072	Short-term loans
Wastewater Fund	Water Fund	429	Short-term loans
Wastewater Fund	General Fund	3,183	Short-term loans
General Fund	Solid Waste Fund	34,144	Short-term loans
Solid Waste Fund	General Fund	7,901	Short-term loans
Special Revenue Fund	General Fund	1,476	Short-term loans
Street Fund	Water Fund	9,679	Short-term loans
Street Fund	General Fund	9,406	Short-term loans
Street Fund	Special Revenue	300	Short-term loans
Special Revenue	Special Revenue	2,000	Short-term loans
	Total	\$ 513,059	

**2. Transfers To and From Other Funds**

Transfers to and from other funds at September 30, 2011, consisted of the following:

Transfers From	Transfers To	Purpose	Amount
Water Fund	General Fund	Provide supplemental funding	\$ 20,200
Special Revenue Funds	General Fund	Provide supplemental funding	35,558
General Fund	Capital Projects	Provide supplemental funding	454,888
Debt Service Fund	General Fund	Provide supplemental funding	158,550
Solid Waste Fund	Capital Projects	Provide supplemental funding	50,000
Permanent Fund	Special Revenue Funds	Provide supplemental funding	3,550
General Fund	Special Revenue Funds	Provide supplemental funding	201,064
Water Fund	Capital Projects	Provide supplemental funding	10,000
Wastewater Fund	Capital Projects	Provide supplemental funding	75,000
Solid Waste Fund	General Fund	Provide supplemental funding	3,325
Wastewater Fund	General Fund	Provide supplemental funding	4,975
Special Revenue Funds	Special Revenue Funds	Provide supplemental funding	2,000
General Fund	Medical Insurance Fund	Provide supplemental funding	205,500
Wastewater Fund	Medical Insurance Fund	Provide supplemental funding	23,850
Special Revenue	Medical Insurance Fund	Provide supplemental funding	23,880
Water Fund	Medical Insurance Fund	Provide supplemental funding	25,830
Solid Waste Fund	Medical Insurance Fund	Provide supplemental funding	20,940
Computer Replacement Fund	Capital Projects	Provide supplemental funding	73,500
Special Revenue Funds	Capital Projects	Provide supplemental funding	506,851
Capital Projects	Capital Projects	Provide supplemental funding	516,467
Capital Projects	General Fund	Provide supplemental funding	4,833
	Total		\$ 2,420,761

**CITY OF HUNTSVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**E. Capital Assets**

Capital asset activity for the year ended September 30, 2011, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Governmental activities:</i>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,826,345	\$ --	\$ --	\$ 1,826,345
Construction in progress	761,265	3,699,815	702,507	3,758,573
Total capital assets not being depreciated	<u>2,587,610</u>	<u>3,699,815</u>	<u>702,507</u>	<u>5,584,918</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	9,793,827	104,646	--	9,898,473
Machinery, furniture, and equipment	19,210,499	741,940	618,210	19,334,229
Improvements other than buildings	12,675,046	210,266	--	12,885,312
Infrastructure	33,948,871	487,645	--	34,436,516
Total capital assets being depreciated	<u>75,628,243</u>	<u>1,544,497</u>	<u>618,210</u>	<u>76,554,530</u>
Less accumulated depreciation for:				
Buildings and improvements	4,413,521	316,077	--	4,729,598
Machinery, furniture, and equipment	12,626,107	1,499,679	618,210	13,507,576
Improvements other than buildings	4,549,418	568,974	--	5,118,392
Infrastructure	23,748,992	952,223	--	24,701,215
Total accumulated depreciation	<u>45,338,038</u>	<u>3,336,953</u>	<u>618,210</u>	<u>48,056,781</u>
Total capital assets being depreciated, net	<u>30,290,205</u>	<u>(1,792,456)</u>	<u>--</u>	<u>28,497,749</u>
Governmental activities capital assets, net	<u>\$ 32,877,815</u>	<u>\$ 1,907,359</u>	<u>\$ 702,507</u>	<u>\$ 34,082,667</u>

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Business-type activities:</i>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 782,325	\$ --	\$ --	\$ 782,325
Construction in progress	1,927,704	2,976,708	1,456,678	3,447,734
Total capital assets not being depreciated	<u>2,710,029</u>	<u>2,976,708</u>	<u>1,456,678</u>	<u>4,230,059</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	1,651,625	187,217	--	1,838,842
Machinery, furniture, and equipment	1,572,357	314,063	--	1,886,420
Improvements other than buildings	447,150	--	--	447,150
Utility systems	79,437,964	1,661,034	--	81,098,998
Total capital assets being depreciated	<u>83,109,096</u>	<u>2,162,314</u>	<u>--</u>	<u>85,271,410</u>
Less accumulated depreciation for:				
Buildings and improvements	1,400,723	743,895	--	2,144,618
Machinery, furniture, and equipment	1,226,992	156,472	--	1,383,464
Improvements other than buildings	81,056	18,181	--	99,237
Utility systems	32,333,103	1,368,685	--	33,701,788
Total accumulated depreciation	<u>35,041,874</u>	<u>2,287,233</u>	<u>--</u>	<u>37,329,107</u>
Total capital assets being depreciated, net	<u>48,067,222</u>	<u>(124,919)</u>	<u>--</u>	<u>47,942,303</u>
Business-type activities capital assets, net	<u>\$ 50,777,251</u>	<u>\$ 2,851,789</u>	<u>\$ 1,456,678</u>	<u>\$ 52,172,362</u>

# CITY OF HUNTSVILLE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2011

Depreciation was charged to functions as follows:

Governmental activities:	
Administrative services	\$ 1,150,325
Finance	43,054
Public works	1,425,441
Community services	463,171
Public safety	254,962
Total Governmental activities depreciation	<u>\$ 3,336,953</u>

Business-type activities:	
Water Production and Distribution	\$ 805,423
Wastewater Collection and Treatment	1,387,281
Solid Waste Disposal and Collection	94,529
	<u>\$ 2,287,233</u>

### F. Long-Term Obligations

#### 1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2011, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 14,582,000	\$ --	\$ 1,203,000	\$ 13,379,000	\$ 1,278,000
Certificates of obligations	5,325,000	--	160,000	5,165,000	170,000
Tax Note	305,000	--	150,000	155,000	155,000
Capital leases	603,926	--	194,526	409,400	201,232
Compensated absences *	1,080,722	180,573	55,019	1,206,276	301,568
OPEB Obligations *	1,956,560	--	309,082	1,647,478	--
Developer TIRZ *	3,130,624	--	--	3,130,624	--
Total governmental activities	<u>\$ 26,983,832</u>	<u>\$ 180,573</u>	<u>\$ 2,071,627</u>	<u>\$ 25,092,778</u>	<u>\$ 2,105,800</u>
<u>Business-type activities:</u>					
TRA Contract Revenue Bonds	\$ 10,490,000	\$ --	\$ 1,335,000	\$ 9,155,000	\$ 1,375,000
Revenue Bonds	12,330,000	4,970,000	6,295,000	11,005,000	1,480,000
Compensated absences *	340,994	35,372	25,019	351,347	73,063
Total business-type activities	<u>\$ 23,160,994</u>	<u>\$ 5,005,372</u>	<u>\$ 7,655,019</u>	<u>\$ 20,511,347</u>	<u>\$ 2,928,063</u>

\* Other long-term liabilities

For governmental activities, claims and judgements and compensated absences are generally liquidated by the general fund.

Liability	Activity Type	Fund
Compensated absences	Governmental	General Fund
OPEB Obligations	Governmental	General Fund
Developer TIRZ	Governmental	General Fund
Compensated absences	Business-type	

# CITY OF HUNTSVILLE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2011

### 2. Debt Service Requirements

Debt service requirements on long-term debt (excluding compensated absences and capital leases) at year end are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2012	\$ 1,603,000	\$ 660,109	\$ 2,263,109
2013	1,477,000	617,073	2,094,073
2014	1,527,000	573,558	2,100,558
2015	1,577,000	526,504	2,103,504
2016	1,626,000	475,434	2,101,434
2017	1,696,000	419,687	2,115,687
2018	1,756,000	359,595	2,115,595
2019	1,827,000	294,955	2,121,955
2020	930,000	244,802	1,174,802
2021	510,000	209,470	719,470
Thereafter	4,170,000	1,027,395	5,197,395
Totals	\$ 18,699,000	\$ 5,408,582	\$ 24,107,582

Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2012	\$ 2,855,000	\$ 686,480	\$ 3,541,480
2013	2,925,000	606,668	3,531,668
2014	2,615,000	521,127	3,136,127
2015	2,695,000	448,114	3,143,114
2016	2,785,000	369,236	3,154,236
2017	1,520,000	283,099	1,803,099
2018	1,335,000	222,273	1,557,273
2019	1,165,000	165,820	1,330,820
2020	1,220,000	111,717	1,331,717
2021	510,000	52,250	562,250
Thereafter	535,000	26,750	561,750
Totals	\$ 20,160,000	\$ 3,493,534	\$ 23,653,534

At September 30, 2011 there were no authorized, or unissued general obligation or revenue bonds, and the City is in compliance with all bond ordinances.

#### General Obligation Debt

A summary of Tax-Supported General Obligation Debt outstanding at September 30, 2011 follows:

Certificate Series 2001 issued on November 15, 2001, at an interest rate of 4.75-6.00% to finance the construction and related expenses of a new golf course, due in installments of \$75,000 - \$330,000 for principal each August 15, beginning August 15, 2004 and interest payments due each February 15 and August 15, beginning August 15, 2004

\$ 4,285,000

Certificate Series 2004 issued on March 15, 2004, at an interest rate of 2.50 - 4.40% to finance the construction and equipping of a new fire station, and improve existing facilities, due in installments of \$30,000 - \$165,000 for principal each February 15, beginning February 15, 2005 and interest payments due each February 15 and August 15, beginning February 15, 2005.

880,000

\$3,820,000 General Obligation Refunding Bonds, Series 2005 due in installments of \$15,000 to \$440,000 through 2020, interest rate of 3.52%

3,325,000

\$1,145,000 2005 Tax NoteS, Series 2005, dated October 20, 2005 to finance the construction

## CITY OF HUNTSVILLE, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2011

of an aquatic facility, due in annual installments of \$300,000-\$155,000 beginning March 15, 2006 with an interest rate of 3.00%-3.75%. 155,000

\$1,850,000 General Obligation Bonds, Series 2009, dated February 24, 2009 to finance construction of a new fire station located in the northeast area of the City due in annual installments of \$144,000 - \$204,000 beginning in August 2009 with an interest rate of 2.90%. 1,354,000

\$6,405,000 General Obligation Refunding Bonds, Series 2009, dated March 15, 2009 to refund Certificate of Obligation Series 1998 in the amount of \$6,260,000. Due in annual installments of \$510,000 - \$870,000 beginning February 2010 with interest rates of 2.00% - 3.75%. 5,370,000

\$3,500,000 General Obligation Bonds, Series 2010, dated April 15, 2010 to finance expansion and renovation of the municipal library. Due in annual installments of \$170,000 - \$295,000 with interest rates of 0.60% - 4.15%. 3,330,000

Subtotal Tax Supported General Obligation Debt \$ 18,699,000

Total outstanding General Obligation Debt as of September 30, 2011 \$ 18,699,000

#### Revenue Debt

A summary of Revenue Debt outstanding at September 30, 2011 follows:

\$14,395,000 1997 Water and Wastewater System due in installments of \$475,000 to \$1,075,000 through 2016, interest rates from 2.75% to 4.55%. \$ 4,930,000

\$7,255,000 2002 Water and Wastewater System due in installments of \$80,000 to \$535,000 through 2022, interest rates from 4.50-5.00%. 4,795,000

\$1,995,000 2007 Water and Wastewater System due in installments of \$170,000 to \$235,000 through 2017, interest rates of 4.025%. 1,280,000

\$1,795,000 2010A TRA Refunding Contract Revenue Bonds due in installments of \$220,000 to \$275,000 through 2016, interest rates from 2.00-2.25%. 1,330,000

\$1,755,000 2010B TRA Refunding Contract Revenue Bonds due in installments of \$160,000 to \$215,000 through 2018, interest rates from 2.00-3.00%. 1,410,000

\$6,725,000 2010C TRA Contract Refunding Revenue Bonds due in installments of \$490,000 to \$730,000 through 2020, interest rates from 1.00-4.79%. 5,675,000

\$3,125,000 2003 TRA Contract Revenue Bonds due in installments of \$240,000 to \$375,000 through 2013, interest rates from 3.50-4.75%. 740,000

Total outstanding Revenue Debt as of September 30, 2011 \$ 20,160,000

### 3. Capital Leases

Commitments under capitalized lease agreements for equipment originally acquired under capital leases in the amount of \$791,974 provide for minimum future lease payments as of September 30, 2011, as follows:

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<u>Year Ending September 30:</u>	
2012	\$ 215,339
2013	215,340
Total Minimum Rentals	<u>\$ 430,679</u>

The effective interest rate on capital leases is 3.45%.

**G. Joint Venture**

Proprietary Funds: Pursuant to the agreement with Trinity River Authority (TRA) dated September 28, 1976, the City has endorsed Contract Revenue Bonds through TRA and is unconditionally obligated to pay, from the gross operating revenues of the City's waterworks, wastewater system, all debt service payments on these bonds; all operation and maintenance expenses of the facilities the bonds were used to build; and the amounts necessary to restore any deficiencies in funds required to be accumulated under the bond resolutions. As consideration for the aforementioned obligations, the City shall have an exclusive right to the use of the transmission and clear well storage facilities constructed. Upon the expiration of the contract, the City shall have the right to continued service for an additional period of fifty (50) years, or for such other time as may be agreed. In addition to funding provided by the sale of TRA bonds, the City acquired an Environmental Protection Agency Grant for \$4,417,500.

In accordance with GASB Statement 14, the equity interest in this joint venture is reported as an asset of the enterprise fund that participates. All profit on the operating transactions between TRA and the City's Water and Wastewater Funds have been eliminated. Since aggregating the contract bond reserve account and contract bonded indebtedness into the "net equity in joint venture" would be misleading, those two items have been separately stated. The City is solely liable for that debt even though the funds were used to build facilities owned and used by the joint venture. Additionally, the City's share of the net loss is reported as an operating expense since it actually represents the cost providing water and wastewater treatment, the integral function of these funds. Those costs are expected to be recovered through user fees.

The individual components of the asset account "investment in joint venture" are as follows:

	<u>For the Year Ended September 30, 2011</u>
Contract Water Facilities/Equipment	\$ 29,945,983
Allowance for Depreciation	(14,532,050)
Bond Issuance Costs	<u>217,208</u>
Total Investment in Joint Venture	<u>\$ 15,631,141</u>

The individual components of the operating expense "TRA Joint Venture" are:

	<u>For the Year Ended September 30, 2011</u>
Operating Expenses	\$ 3,041,900
Contract Bond Interest	329,317
Depreciation/Amortization Expense	<u>604,510</u>
Total operating expenses Joint Venture	<u>\$ 3,975,727</u>

Summarized financial information for this joint venture from TRA's most recent audited financial statements is as follows:



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	For the Year Ended November 30, 2010
<b>ASSETS</b>	
Current Assets	\$ 936,548
Restricted Assets	1,660,394
Capital Assets (net of Accumulated Depreciation)	15,131,031
Deferred Charges	217,208
<b>TOTAL ASSETS</b>	<b>\$ 17,945,181</b>
<b>LIABILITIES</b>	
Current Liabilities	
Payable from Current Assets	\$ 822,470
Payable from Restricted Assets	1,083,034
Long-Term Debt	7,981,067
<b>TOTAL LIABILITIES</b>	<b>\$ 9,886,571</b>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	\$ 6,389,031
Restricted for Debt Service	1,567,285
Unrestricted	102,294
<b>TOTAL NET ASSETS</b>	<b>\$ 8,058,610</b>
	For the Year Ended November 30, 2010
Operating Revenue	\$ 4,275,370
Operating Expenses Before Depreciation	2,965,425
Operating Income Before Depreciation	1,309,945
Depreciation Expense	716,407
Operating Income	593,538
Net Non-Operating Revenue/(Expenses)	(320,558)
Income before Transfers & Contributions	272,980
Transfers & Contributions	64,230
Net Assets - Beginning of Year	7,721,400
Net Assets - End of Year	<b>\$ 8,058,610</b>

Financial Statements for this joint venture may be obtained at Trinity River Authority of Texas, P.O. Box 60, Arlington, Texas 76004-0060.

**H. Raw Water Supply Contract**

On August 24, 1976, the City of Huntsville entered into a contract with the Trinity River Authority of Texas to purchase from the Authority amounts of raw water impounded in the Livingston Reservoir. The City is obligated to pay an annual standby charge on or before the tenth of each April and October. Annual standby charges are calculated by multiplying the current annual average daily amount the Authority is obligated to sell by the Authority's rates for sale of raw water to municipalities. On April 22, 1998, the City contracted with the Authority for an addition 6.0 MGD for industrial purposes. On November 1, 2006, the City contracted for an additional amount bringing the total to 20.0 MGD that the Authority is obligated to sell.

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Annual average daily amounts of raw water that the Authority is obligated to sell to the City is set forth in the following schedule:

	<u>Annual Average Daily Amounts</u>
2001 through 2020	20.0 MGD

I. Pension Plan

1. Plan Description

The City provides benefits for all of its full-time employees through a nontraditional, joint contributory hybrid, defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the city are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and requires supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year 2010	Plan Year 2011
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100% repeating, Transfers	100% repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	50% of CPI Non-Repeating

2. Benefits

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, October 1, 1989, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee at a 5% contribution rate, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percentage of the employee's accumulated contributions. In addition, the City can grant as often as annually another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at age 60 and above with 5 or more years of service, or with 20 years of service regardless of age. The plan also provides death and disability benefits. A member is vested after 5 years, but must leave their accumulated contribution in the plan. If members withdraw their own money, they are not entitled to the employer-financed monetary credits, even if they were vested. The plan provisions are adopted by the

**CITY OF HUNTSVILLE, TEXAS**  
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governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

**3. Contributions**

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credit and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation/(asset) are as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation/(Asset)
2009	\$ 2,379,666	\$ 2,379,666	100.00%	--
2010	\$ 2,621,003	\$ 2,621,003	100.00%	--
2011	\$ 2,179,594	\$ 2,179,594	100.00%	--

The required contribution rates for fiscal year 2011 were determined as part of the December 31, 2008 and 2009 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2010, also follows:

Valuation Date	12/31/2008	12/31/2009	Prior to Restructuring 12/31/2010	Restructured 12/31/2010
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	29 Years; closed period	27.9 Years; closed period	25.6 Years; closed period	24.9 Years; closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years	30 years
Asset Valuation Method	Amortized Cost	10-year market	10-year market	10-year market
Actuarial Assumptions:				
Investment Rate of Return*	7.5%	7.5%	7.5%	7.0%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service	Varies by age and service
*Includes Inflation At	3.0%	3.0%	3.0%	3.0%
Cost-of-Living Adjustments	2.1%	2.1%	1.5%	1.5%

In June, 2011, SB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May, 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006 through December

**CITY OF HUNTSVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2010 TMRS Comprehensive Annual Financial Report (CAFR).

The funded status as of December 31, 2010, the most recent actuarial valuation date, is as follows:

	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
(1)	\$31,476,992	\$42,839,057	73.5%	\$11,362,065	\$11,777,752	96.5%
(2)	\$44,443,575	\$52,324,084	84.9%	\$7,880,509	\$11,777,752	66.9%

(1) Actuarial valuation performed under the original fund structure.

(2) Actuarial valuation performed under the new fund structure.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include the techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits. Please see Schedule of Funding Progress in the Required Supplementary Information section.

#### 4. Annual Pension Cost

The City's annual pension cost for the Plan for the years ending September 30, 2011, 2010 and 2009 was \$2,179,594, \$2,621,003 and \$2,379,666, respectively.

#### J. Supplemental Death Benefit Plan

##### 1. Plan Description

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The city may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

## CITY OF HUNTSVILLE, TEXAS

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2011

The City's contributions to the TMRS SDBF for the years ended 2011, 2010 and 2009 were \$33,192, \$39,913 and \$36,025, respectively, which equaled the required contributions each year.

#### Schedule of Contribution Rates

Plan/Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2007	0.03%	0.03%	100.00%
2008	0.04%	0.04%	100.00%
2009	0.02%	0.02%	100.00%
2010	0.03%	0.03%	100.00%
2011	0.03%	0.03%	100.00%

#### K. Other Postemployment Benefits

##### 1. Postemployment Benefits

Effective for fiscal year 2009, the City implemented Governmental Accounting Standards Board (GASB) Statement 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB)" prospectively (no beginning net OPEB obligation).

##### 2. Plan Description

In addition to the pension benefits described above, as required by state law and defined by City Policy, the City makes available health care benefits to all employees who retire from the City and who are receiving benefits from a City-sponsored retirement program (Texas Municipal Retirement System) through a single-employer healthcare plan. This healthcare plan provides lifetime insurance, to eligible retirees, their spouses and dependents through the City's group health insurance plan, which covers both active and retired members. The plan is secondary at the age of Medicare eligibility.

An employee is able to retire pursuant to TMRS rules:

- 1) After they reach age 60 with at least 5 Years of Service or
- 2) They may retire at any age with at least 20 Years of Service or
- 3) Retire at any age with at least 5 Years of Service if disabled

Current retirees in the health plan and active employees with 20 years or more of service employed prior to October 1, 2008 are considered Platinum level employees.

Platinum level employees that retiree with eighty (80) or more points (age plus service) are eligible to remain in the health plan at the same cost that the City sets for regular employees, not to exceed 10% of the cost.

Retiring Platinum Level employees with less than eighty (80) points (age plus service) may continue health plan coverage at the rate of one-hundred (100%) percent of the City's actual cost plus a (2%) percent administrative fee according to the policy.

A Gold Level employee is defined as employees hired on or after October 1, 2008.

Retiring Gold Level employees may continue health plan coverage if receiving the TMRS benefits annuity, normal, or disability retirement as defined by TMRS and have a least five (5) years of continuous full time employment with the City.

Retiring Gold Level employees who meet the eligibility requirements and have at least (10) years of continuous full time employment with the City will qualify for an 85% reduction in healthcare premium.

# CITY OF HUNTSVILLE, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2011

Gold level employees that are retiring are given the option to purchase a higher level healthcare plan than the base healthcare plan that they are offered.

Benefit provisions for retirees are not mandated by any form of employment agreement. The continued provision of these benefits is based entirely on the discretion of the City of Huntsville City Council. In fiscal year 2010-11, the City established an irrevocable trust to fund OPEB medical liabilities for retirees. Initial funding was in the amount of \$1,500,000. The trust is reported on the Statements of Fiduciary Net Assets, Exhibit A-10.

### 3. Funding Policy

The City contribution to the health plan consists of total premiums in excess of the retiree contributions. Retirees receiving medical benefits during fiscal year 2011 contribute \$15.00 per month depending on the coverage levels selected. There are no employees currently retired under the Gold Plan. In Fiscal year 2011, total retiree contributions for retirees and dependents were \$73,025. The City contributions to the plan for fiscal year 2011, which are also equal to premiums paid in excess of premiums collected from retirees, were \$352,800.

### 4. Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) for the health plan is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The City of Huntsville utilized the actuarial services of Gallagher Basset. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (for funding excess) over a period not to exceed thirty years.

Annual Required Contribution (ARC)	\$ 1,617,382
Interest on net OPEB obligation	78,262
Adjustment to annual required contribution	<u>(78,901)</u>
Annual OPEB cost (expense)	1,616,743
Contributions made	(425,825)
Contributions to trust	<u>(1,500,000)</u>
Increase in net OPEB obligation	(309,082)
Net OPEB obligation - beginning of year	<u>1,956,560</u>
Net OPEB obligation - end of year	<u>\$ 1,647,478</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and 2010 are as follows:

	9/30/2011	9/30/2010
Annual OPEB Cost	\$ 1,616,743	\$ 1,494,644
Percentage of OPEB Cost Contributed	119.12%	33.91%
Net Pension Obligation Increase/(Decrease)	\$ (309,082)	\$ 987,813

**CITY OF HUNTSVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

5. Funded Status and Funding Progress

The funded status of the plan based on an actuarial update using age-adjusted premiums as of October 1, 2010, was as follows:

Actuarial accrued liability (AAL)	\$ 20,357,239
Actuarial value of plan assets	<u>(1,500,000) (1)</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 18,857,239</u>
Funded ratio (actuarial value of plan assets/AAL)	7.37%
Covered payroll (active plan members)	\$ 10,609,972
UAAL as a percentage of covered payroll	177.73%

(1) Actuarial value not determined at September 30, 2011; value is amount contributed to the trust.

Actuarial valuations for an ongoing plan estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on values which the City's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated. GASB 45 requires governments to report the "implicit rate study" that is provided to retirees who remain with the health plan provided to employees. The actuarial accrued liability is due to 11.88% of the total actuarial liability of \$2,418,440.

6. Actuarial Methods and Assumptions

Calculations of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following is a summary of the actuarial assumptions:

Actuarial valuation date	10/01/2010
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of payroll
Remaining amortization periods	Open 30 years
Asset valuation method	N/A
Actuarial Assumptions:	
Investment rate of return*	4.00%
Payroll growth rate	4.00%
Healthcare cost trend rate	9.5% initial, 5.0% ultimate

**CITY OF HUNTSVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

\*The establishment of the trust in 2011 could have an effect on the investment rate, and accordingly, the future liability amounts may differ as a result of a change in computation rates.

**L. Risk Management**

**Medical Insurance Fund**

Claims incurred but not reported have been estimated based on information available from the fund administrator and recorded as an account payable of the fund.

The total amount for service charges (to other funds) is computed based on an actuarial method which is adjusted annually. A stop loss insurance policy limits the City's liability on catastrophic claims. Effective October 1, 2002 the City's limit is increased from \$60,000 to \$75,000 per employee.

Changes in the balance of aggregate liabilities during the year are as follows:

	2011	2010
Aggregate Liabilities October 1	\$ 180,425	\$ 85,079
Incurred Liabilities	4,478,619	2,747,785
Paid Liabilities	(4,497,844)	(2,652,439)
Aggregate Liabilities September 30	<u>\$ 161,200</u>	<u>\$ 180,425</u>

**Public Entity Risk Pool**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. In order to properly address this risk, the City is a member of the Texas Municipal League Intergovernmental Risk Pool (TML), a public entity risk pool. The City pays an annual premium to TML. The agreement with TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of established amounts. The City's liability for any covered claims is limited to its annual deductible.

**M. Deferred Compensation Plan**

The City offers employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

In accordance with federal legislation passed in August 1996, the City amended its deferred compensation agreement, so that effective November 1996, the assets of the plan are to be held in trust for the exclusive benefit of the plan participants and their beneficiaries, and the assets will be used for no other purpose. In no event will the City's liability to pay benefits to a participant under the plan exceed the value of the amounts credited to the participants account.

The City in previous years has reported this fund in the Trust and Agency Funds. As a result of the November 1996 legislative changes, this fund has been excluded from the Financial Reports. Activity by participants for the period October 1, 2010 through September 2011 is as follows:

	Balance 10/1/2010	Additions	Deletions	Balance 9/30/2011
Investments	\$ 2,610,805	\$ 199,874	\$ 177,623	\$ 2,633,056

**N. Commitments and Contingencies**



## **CITY OF HUNTSVILLE, TEXAS**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

#### **1. Retired Employees' Medical Coverage**

A retired employee may continue health plan coverage at the same cost that the City sets for regular employees or employee dependents if the retired employee retires with 80 or more points (age plus years of service). If an employee retires under the Texas Municipal Retirement System with more than 70 points, but less than 80, the retiree may purchase health plan benefits through the City's health plan to continue the health coverage for the retired employee, spouse, or dependent that they maintained at the time of the employee's retirement from the City.

For the year ended September 30, 2011, there were a total of 51 retirees in the City's health plan. Of these 51, nineteen carried dependent coverage. The Medical Insurance Fund paid out approximately \$283,804 in claims for retirees and their dependents. The City paid into the Medical Insurance Fund approximately \$352,800 in premiums for the 51 retirees, and the retirees paid in \$73,025.

#### **2. Construction Commitments**

The City has various construction projects as of September 30, 2011. The City's remaining commitment to contractors for all projects is \$1,771,554 at year end. Projects include water and wastewater line extensions, construction of library expansion and renovation, sidewalk construction, and drainage.

#### **3. Grants**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

#### **O. Closure and Postclosure Care Cost**

The City closed its landfill during the year ended September 30, 1994 and began transferring its solid waste to a privately operated landfill. The City has met certain deadline dates of the Environmental Protection Agency's Subtitle D landfill closure requirements and as such the City is exempt from any post-closure care and/or monitoring. Therefore, the City has not recorded any liability for post-closure care or monitoring. All closure costs are expensed as incurred. There were no landfill related expenses during the year ended September 30, 2011.

#### **P. Subsequent Events**

The City did not have any subsequent events through March 12, 2012, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended September 30, 2011.

### *Required Supplementary Information*

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

# CITY OF HUNTSVILLE, TEXAS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 2,935,000	\$ 2,935,000	\$ 2,580,833	\$ (354,167)
Sales tax	6,200,000	6,200,000	6,443,698	243,698
Other taxes	79,500	79,500	97,882	18,382
Licenses and permits	258,800	258,800	279,085	20,285
Charges for sales and services	416,586	417,096	423,333	6,237
Fines, fees, and forfeitures	769,200	769,200	880,502	111,302
Donations, contributions, and grants	463,358	463,729	155,573	(308,156)
Investment income	87,895	87,895	117,816	29,921
Other	422,080	425,285	547,182	121,897
Administrative cost reimbursement	4,894,039	4,894,039	4,894,039	--
Total Revenues	16,526,458	16,530,544	16,419,943	(110,601)
EXPENDITURES:				
Charter office	867,574	786,962	740,769	46,193
Finance	1,357,914	1,382,415	1,351,654	30,761
Administrative services	3,280,403	3,374,758	3,140,407	234,351
Public works	1,870,536	2,110,940	2,075,329	35,611
Community services	2,389,628	2,445,723	2,322,385	123,338
Public safety	6,107,063	6,115,690	5,919,236	196,454
Debt Service:				
Principal retirement	150,000	150,000	150,000	--
Interest and fiscal charges	8,550	8,550	8,550	--
Total Expenditures	16,031,668	16,375,038	15,708,330	666,708
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	494,790	155,506	711,613	556,107
OTHER FINANCING SOURCES (USES)				
Transfers in	226,158	230,991	230,991	--
Transfers out	(861,452)	(861,452)	(861,452)	--
Total other financing sources (uses)	(635,294)	(630,461)	(630,461)	--
NET CHANGE IN FUND BALANCES	(140,504)	(474,955)	81,152	556,107
FUND BALANCE, Beginning of period	9,040,075	9,040,075	9,040,075	--
FUND BALANCE, End of period	\$ 8,899,571	\$ 8,565,120	\$ 9,121,227	\$ 556,107

**CITY OF HUNTSVILLE, TEXAS**  
**STREET SPECIAL REVENUE**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**EXHIBIT B-2**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Franchise fees</i>	\$ 2,913,636	\$ 2,913,636	\$ 2,893,671	\$ (19,965)
<i>Charges for sales and services</i>	75,000	75,000	78,096	3,096
<i>Donations, contributions, and grants</i>	--	--	12,735	12,735
<i>Investment income</i>	9,045	9,045	1,775	(7,270)
<i>Other</i>	326,845	326,845	327,091	246
Total Revenues	<u>3,324,526</u>	<u>3,324,526</u>	<u>3,313,368</u>	<u>(11,158)</u>
EXPENDITURES:				
<i>Public works</i>	3,214,980	3,366,470	3,504,576	(138,106)
Total Expenditures	<u>3,214,980</u>	<u>3,366,470</u>	<u>3,504,576</u>	<u>(138,106)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>109,546</u>	<u>(41,944)</u>	<u>(191,208)</u>	<u>(149,264)</u>
OTHER FINANCING SOURCES (USES)				
<i>Transfers in</i>	--	10,000	10,000	--
<i>Transfers out</i>	(620,141)	(620,141)	(470,021)	150,120
Total other financing sources (uses)	<u>(620,141)</u>	<u>(610,141)</u>	<u>(460,021)</u>	<u>150,120</u>
NET CHANGE IN FUND BALANCES	(510,595)	(652,085)	(651,229)	856
FUND BALANCE, Beginning of period	1,322,353	1,322,353	1,322,353	--
FUND BALANCE, End of period	<u>\$ 811,758</u>	<u>\$ 670,268</u>	<u>\$ 671,124</u>	<u>\$ 856</u>

**CITY OF HUNTSVILLE, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**  
**YEAR ENDED SEPTEMBER 30, 2011**

**City of Huntsville, Texas Retirement System Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/95	\$ 6,020,018	\$ 11,448,894	\$ 5,428,876	52.6%	\$ 6,645,505	81.69%
12/31/96	7,486,917	14,716,980	7,230,063	50.9%	6,969,972	103.73%
12/31/97	9,482,548	16,148,307	6,665,759	58.7%	7,371,413	90.43%
12/31/98	11,840,882	19,146,847	7,305,965	61.8%	7,994,046	91.39%
12/31/99	14,033,005	21,674,979	7,641,974	64.7%	8,002,647	95.49%
12/31/00	15,957,208	23,848,886	7,891,678	66.9%	8,369,082	94.30%
12/31/01	17,983,122	26,223,426	8,240,304	68.6%	8,849,367	93.12%
12/31/02	20,172,871	29,786,372	9,613,501	67.7%	9,767,300	98.43%
12/31/03	21,317,292	33,504,263	12,186,971	63.6%	8,753,684	139.22%
12/31/04	23,461,827	35,599,317	12,137,490	65.9%	9,602,604	126.40%
12/31/05	24,386,073	37,120,033	12,733,960	65.7%	9,655,475	131.88%
12/31/06	25,314,524	38,560,912	13,246,388	65.6%	10,198,416	129.89%
12/31/07	25,879,876	47,764,663	21,884,787	54.2%	10,742,813	203.72%
12/31/08	27,501,940	50,842,530	23,340,590	54.1%	12,209,814	191.16%
12/31/09	30,111,640	42,072,614	11,960,974	71.6%	11,583,294	103.26%
12/31/10 (1)	31,476,992	42,839,057	11,362,065	73.5%	11,777,752	96.47%
12/31/10 (2)	44,443,575	52,324,084	7,880,509	84.9%	11,777,752	66.91%

(1) Actuarial valuation performed under the original fund structure.

(2) Actuarial valuation performed under the new fund structure.

**City of Huntsville, Texas Other Postemployment Benefits Plan Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/10	\$ 1,500,000 (1)	\$ 20,357,239	\$ 18,857,239	7.4%	\$ 10,609,972	177.73%

(1) Actuarial value not determined at September 30, 2011; value is amount contributed to the trust.

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*Combining Statements and Budget Comparisons  
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

# CITY OF HUNTSVILLE, TEXAS

## COMBINING BALANCE SHEET

### NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2011

	Special Revenue Funds	Debt Service Fund
ASSETS:		
Cash and cash equivalents	\$ 538,300	\$ 3,148
Investments	513,608	593,001
Accounts receivable:		
Receivables (net of allowances for uncollectibles)	38,263	--
Property taxes	--	109,651
Grants	586,735	--
Other	44,900	--
Due from other funds	3,476	--
Restricted assets:		
Total Assets	\$ 1,725,282	\$ 705,800
LIABILITIES:		
Accounts payable	\$ 211,560	\$ --
Deferred revenue	--	109,651
Accrued liabilities	30,761	--
Due to other funds	409,478	--
Due to other governments	19,534	--
Due to others	315	--
Total Liabilities	671,648	109,651
FUND BALANCES:		
Nonspendable		
Permanent Funds	--	--
Restricted for:		
Debt service	--	426,822
Promotion of tourism	292,367	--
Purpose of grantors, trustees & donors	631,491	--
Law enforcement	101,531	--
Committed for:		
Airport maintenance	28,245	--
Property taxes in legal proceedings	--	169,327
Assigned to:		
Construction of capital assets	--	--
Total Fund Balances	1,053,634	596,149
Total Liabilities and Fund Balance	\$ 1,725,282	\$ 705,800



Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
\$ 560,945	\$ 14,069	\$ 1,116,462
2,665,581	447,308	4,219,498
--	--	38,263
--	--	109,651
--	--	586,735
--	--	44,900
--	--	3,476
<u>\$ 3,226,526</u>	<u>\$ 461,377</u>	<u>\$ 6,118,985</u>
\$ 327,794	\$ --	\$ 539,354
--	--	109,651
--	--	30,761
--	--	409,478
--	--	19,534
--	--	315
<u>327,794</u>	<u>--</u>	<u>1,109,093</u>
--	461,377	461,377
--	--	426,822
--	--	292,367
--	--	631,491
--	--	101,531
--	--	28,245
--	--	169,327
2,898,732	--	2,898,732
<u>2,898,732</u>	<u>461,377</u>	<u>5,009,892</u>
<u>\$ 3,226,526</u>	<u>\$ 461,377</u>	<u>\$ 6,118,985</u>

**CITY OF HUNTSVILLE, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Special Revenue Funds	Debt Service Fund
REVENUES:		
<i>Property taxes</i>	\$ 57,830	\$ 2,284,752
<i>Other taxes</i>	549,224	--
<i>Charges for sales and services</i>	392,214	--
<i>Fines, fees, and forfeitures</i>	60,947	--
<i>Donations, contributions, and grants</i>	836,634	--
<i>Investment income</i>	5,520	3,392
<i>Other</i>	58,517	--
Total Revenues	<u>1,960,886</u>	<u>2,288,144</u>
EXPENDITURES:		
<i>Finance</i>	16,066	--
<i>Public works</i>	146,004	--
<i>Community services</i>	1,181,559	--
<i>Public safety</i>	655,328	--
Debt Service:		
<i>Principal retirement</i>	--	1,363,000
<i>Interest and fiscal charges</i>	--	728,424
Total Expenditures	<u>1,998,957</u>	<u>2,091,424</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(38,071)</u>	<u>196,720</u>
OTHER FINANCING SOURCES (USES)		
<i>Transfers in</i>	203,064	--
<i>Transfers out</i>	(98,268)	(158,550)
Total other financing sources (uses)	<u>104,796</u>	<u>(158,550)</u>
NET CHANGE IN FUND BALANCES	66,725	38,170
FUND BALANCE, Beginning of period	986,909	557,979
FUND BALANCE, End of period	<u>\$ 1,053,634</u>	<u>\$ 596,149</u>

Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
\$ --	\$ --	\$ 2,342,582
--	--	549,224
--	--	392,214
--	--	60,947
43,053	500	880,187
49,246	5,237	63,395
--	--	58,517
<u>92,299</u>	<u>5,737</u>	<u>4,347,066</u>
--	--	16,066
906,078	--	1,052,082
3,013,385	--	4,194,944
197,750	--	853,078
--	--	1,363,000
--	--	728,424
<u>4,117,213</u>	<u>--</u>	<u>8,207,594</u>
<u>(4,024,914)</u>	<u>5,737</u>	<u>(3,860,528)</u>
1,459,331	--	1,662,395
(521,300)	(3,550)	(781,668)
<u>938,031</u>	<u>(3,550)</u>	<u>880,727</u>
(3,086,883)	2,187	(2,979,801)
5,985,615	459,190	7,989,693
<u>\$ 2,898,732</u>	<u>\$ 461,377</u>	<u>\$ 5,009,892</u>

# CITY OF HUNTSVILLE, TEXAS

## COMBINING BALANCE SHEET

### NONMAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2011

	Municipal Court Security & Technology	Police Forfeiture Fund	Airport	Library Special Donations Fund
<b>ASSETS:</b>				
<i>Cash and cash equivalents</i>	\$ 94,416	\$ 17,547	\$ 2,037	\$ 6,710
<i>Investments</i>	13,177	107,483	--	46,242
<i>Accounts receivable:</i>				
<i>Receivables (net of allowances for uncollectibles)</i>	--	--	--	--
<i>Grants</i>	--	--	41,548	--
<i>Other</i>	--	--	--	--
<i>Due from other funds</i>	--	--	--	--
<i>Restricted assets:</i>				
<b>Total Assets</b>	<b>\$ 107,593</b>	<b>\$ 125,030</b>	<b>\$ 43,585</b>	<b>\$ 52,952</b>
<b>LIABILITIES:</b>				
<i>Accounts payable</i>	\$ 16,066	\$ 3,965	\$ --	\$ 12
<i>Accrued liabilities</i>	3,098	--	--	--
<i>Due to other funds</i>	--	--	15,340	2,000
<i>Due to other governments</i>	--	19,534	--	--
<i>Due to others</i>	--	--	--	--
<b>Total Liabilities</b>	<b>19,164</b>	<b>23,499</b>	<b>15,340</b>	<b>2,012</b>
<b>FUND BALANCES:</b>				
<i>Restricted for:</i>				
<i>Promotion of tourism</i>	--	--	--	--
<i>Purpose of grantors, trustees &amp; donors</i>	88,429	--	--	50,940
<i>Law enforcement</i>	--	101,531	--	--
<i>Committed for:</i>				
<i>Airport maintenance</i>	--	--	28,245	--
<b>Total Fund Balances</b>	<b>88,429</b>	<b>101,531</b>	<b>28,245</b>	<b>50,940</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 107,593</b>	<b>\$ 125,030</b>	<b>\$ 43,585</b>	<b>\$ 52,952</b>

Library Grants	School Resource Officer	Police Grants	Library Donations	Arts Center
\$ 8,777	\$ 33,268	\$ 15,338	\$ 101,708	\$ 50,175
--	17,001	8,088	--	--
4,390	150	31,668	--	--
11,367	--	10,443	--	--
--	--	--	--	6,414
2,000	1,398	--	--	26
<u>\$ 26,534</u>	<u>\$ 51,817</u>	<u>\$ 65,537</u>	<u>\$ 101,708</u>	<u>\$ 56,615</u>
\$ 18,181	\$ 14,655	\$ 1,300	\$ --	\$ 5,445
--	18,612	--	--	3,691
3,000	987	704	--	--
--	--	--	--	--
--	--	--	--	45
<u>21,181</u>	<u>34,254</u>	<u>2,004</u>	<u>--</u>	<u>9,181</u>
--	--	--	--	47,434
5,353	17,563	63,533	101,708	--
--	--	--	--	--
--	--	--	--	--
<u>5,353</u>	<u>17,563</u>	<u>63,533</u>	<u>101,708</u>	<u>47,434</u>
<u>\$ 26,534</u>	<u>\$ 51,817</u>	<u>\$ 65,537</u>	<u>\$ 101,708</u>	<u>\$ 56,615</u>

**CITY OF HUNTSVILLE, TEXAS****COMBINING BALANCE SHEET****NONMAJOR SPECIAL REVENUE FUNDS****SEPTEMBER 30, 2011**

	Federal Grants Fund	Area Revitalization Fund
ASSETS:		
<i>Cash and cash equivalents</i>	\$ (1,379)	\$ 3,324
<i>Investments</i>	23	17,080
Accounts receivable:		
<i>Receivables (net of allowances for uncollectibles)</i>	--	--
<i>Grants</i>	523,377	--
<i>Other</i>	--	--
<i>Due from other funds</i>	--	--
Restricted assets:		
<b>Total Assets</b>	<b>\$ 522,021</b>	<b>\$ 20,404</b>
LIABILITIES:		
<i>Accounts payable</i>	\$ 134,562	\$ --
<i>Accrued liabilities</i>	--	--
<i>Due to other funds</i>	387,400	--
<i>Due to other governments</i>	--	--
<i>Due to others</i>	--	--
<b>Total Liabilities</b>	<b>521,962</b>	<b>--</b>
FUND BALANCES:		
Restricted for:		
<i>Promotion of tourism</i>	--	--
<i>Purpose of grantors, trustees &amp; donors</i>	59	20,404
<i>Law enforcement</i>	--	--
Committed for:		
<i>Airport maintenance</i>	--	--
<b>Total Fund Balances</b>	<b>59</b>	<b>20,404</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 522,021</b>	<b>\$ 20,404</b>

Tax Increment Reinvestment Zone #1	Hotel/Motel Tourism Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
\$ 92,679	\$ 113,700	\$ 538,300
144,440	160,074	513,608
2,055	--	38,263
--	--	586,735
--	38,486	44,900
--	52	3,476
<u>\$ 239,174</u>	<u>\$ 312,312</u>	<u>\$ 1,725,282</u>
\$ --	\$ 17,374	\$ 211,560
--	5,360	30,761
--	47	409,478
--	--	19,534
--	270	315
<u>--</u>	<u>23,051</u>	<u>671,648</u>
--	244,933	292,367
239,174	44,328	631,491
--	--	101,531
--	--	28,245
<u>239,174</u>	<u>289,261</u>	<u>1,053,634</u>
<u>\$ 239,174</u>	<u>\$ 312,312</u>	<u>\$ 1,725,282</u>

# CITY OF HUNTSVILLE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Municipal Court Security & Technology	Police Forfeiture Fund	Airport	Library Special Donations Fund
REVENUES:				
Property taxes	\$ --	\$ --	\$ --	\$ --
Other taxes	--	--	--	--
Charges for sales and services	--	--	11,012	--
Fines, fees, and forfeitures	36,528	14,433	312	1,247
Donations, contributions, and grants	--	--	41,548	7,258
Investment income	187	2,766	72	170
Other	--	8,131	762	--
Total Revenues	<u>36,715</u>	<u>25,330</u>	<u>53,706</u>	<u>8,675</u>
EXPENDITURES:				
Finance	16,066	--	--	--
Public works	--	--	66,333	--
Community services	--	--	--	6,938
Public safety	--	7,680	--	--
Total Expenditures	<u>16,066</u>	<u>7,680</u>	<u>66,333</u>	<u>6,938</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>20,649</u>	<u>17,650</u>	<u>(12,627)</u>	<u>1,737</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,066	--	11,647	--
Transfers out	(79,935)	--	--	(2,000)
Total other financing sources (uses)	<u>(73,869)</u>	<u>--</u>	<u>11,647</u>	<u>(2,000)</u>
NET CHANGE IN FUND BALANCES	(53,220)	17,650	(980)	(263)
FUND BALANCE, Beginning of period	141,649	83,881	29,225	51,203
FUND BALANCE, End of period	<u>\$ 88,429</u>	<u>\$ 101,531</u>	<u>\$ 28,245</u>	<u>\$ 50,940</u>



Library Grants	School Resource Officer	Police Grants	Library Donations	Arts Center
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	78,461
--	380,165	--	--	235
--	--	--	--	8,427
25,198	--	166,188	101,639	5,320
--	44	75	69	98
--	--	--	--	--
<u>25,198</u>	<u>380,209</u>	<u>166,263</u>	<u>101,708</u>	<u>92,541</u>
--	--	--	--	--
--	--	--	--	--
29,548	--	--	--	159,103
--	481,020	166,628	--	--
<u>29,548</u>	<u>481,020</u>	<u>166,628</u>	<u>--</u>	<u>159,103</u>
--	--	--	--	--
(4,350)	(100,811)	(365)	101,708	(66,562)
--	--	--	--	--
9,703	102,450	11,720	--	61,478
--	--	--	--	(2,160)
<u>9,703</u>	<u>102,450</u>	<u>11,720</u>	<u>--</u>	<u>59,318</u>
--	--	--	--	--
5,353	1,639	11,355	101,708	(7,244)
--	15,924	52,178	--	54,678
<u>\$ 5,353</u>	<u>\$ 17,563</u>	<u>\$ 63,533</u>	<u>\$ 101,708</u>	<u>\$ 47,434</u>

**CITY OF HUNTSVILLE, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Federal Grants Fund	Area Revitalization Fund
REVENUES:		
Property taxes	\$ --	\$ --
Other taxes	--	--
Charges for sales and services	--	--
Fines, fees, and forfeitures	--	--
Donations, contributions, and grants	483,153	1,390
Investment income	17	58
Other	--	--
Total Revenues	483,170	1,448
EXPENDITURES:		
Finance	--	--
Public works	--	--
Community services	504,153	--
Public safety	--	--
Total Expenditures	504,153	--
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(20,983)	1,448
OTHER FINANCING SOURCES (USES)		
Transfers in	--	--
Transfers out	--	--
Total other financing sources (uses)	--	--
NET CHANGE IN FUND BALANCES	(20,983)	1,448
FUND BALANCE, Beginning of period	21,042	18,956
FUND BALANCE, End of period	\$ 59	\$ 20,404

Tax Increment Reinvestment Zone #1	Hotel/Motel Tourism Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ 57,830	\$ --	\$ 57,830
--	470,763	549,224
--	802	392,214
--	--	60,947
--	4,940	836,634
350	1,614	5,520
49,576	48	58,517
<u>107,756</u>	<u>478,167</u>	<u>1,960,886</u>
--	--	16,066
--	79,671	146,004
--	481,817	1,181,559
--	--	655,328
<u>--</u>	<u>561,488</u>	<u>1,998,957</u>
<u>107,756</u>	<u>(83,321)</u>	<u>(38,071)</u>
--	--	203,064
--	(14,173)	(98,268)
<u>--</u>	<u>(14,173)</u>	<u>104,796</u>
107,756	(97,494)	66,725
131,418	386,755	986,909
<u>\$ 239,174</u>	<u>\$ 289,261</u>	<u>\$ 1,053,634</u>

# CITY OF HUNTSVILLE, TEXAS

MUNICIPAL COURT SECURITY & TECHNOLOGY FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-5

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Fines, fees, and forfeitures</i>	\$ 47,160	\$ 47,160	\$ 36,528	\$ (10,632)
<i>Investment income</i>	1,379	1,379	187	(1,192)
Total Revenues	48,539	48,539	36,715	(11,824)
EXPENDITURES:				
<i>Finance</i>	75,700	81,766	16,066	65,700
Total Expenditures	75,700	81,766	16,066	65,700
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(27,161)	(33,227)	20,649	53,876
OTHER FINANCING SOURCES (USES)				
<i>Transfers in</i>	--	--	6,066	6,066
<i>Transfers out</i>	(14,235)	(14,235)	(79,935)	(65,700)
Total other financing sources (uses)	(14,235)	(14,235)	(73,869)	(59,634)
NET CHANGE IN FUND BALANCES	(41,396)	(47,462)	(53,220)	(5,758)
FUND BALANCE, Beginning of period	141,649	141,649	141,649	--
FUND BALANCE, End of period	\$ 100,253	\$ 94,187	\$ 88,429	\$ (5,758)

# CITY OF HUNTSVILLE, TEXAS

POLICE FORFEITURE FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-6

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Fines, fees, and forfeitures</i>	\$ --	\$ --	\$ 14,433	\$ 14,433
<i>Investment income</i>	1,170	1,170	2,766	1,596
<i>Other</i>	--	--	8,131	8,131
Total Revenues	1,170	1,170	25,330	24,160
EXPENDITURES:				
<i>Public safety</i>	5,760	7,680	7,680	--
Total Expenditures	5,760	7,680	7,680	--
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,590)	(6,510)	17,650	24,160
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	--	--	--	--
NET CHANGE IN FUND BALANCES	(4,590)	(6,510)	17,650	24,160
FUND BALANCE, Beginning of period	83,881	83,881	83,881	--
FUND BALANCE, End of period	\$ 79,291	\$ 77,371	\$ 101,531	\$ 24,160

# CITY OF HUNTSVILLE, TEXAS

EXHIBIT C-7

AIRPORT FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Charges for sales and services</i>	\$ --	\$ --	\$ 11,012	\$ 11,012
<i>Fines, fees, and forfeitures</i>	700	700	312	(388)
<i>Donations, contributions, and grants</i>	40,000	40,000	41,548	1,548
<i>Investment income</i>	275	275	72	(203)
<i>Other</i>	--	--	762	762
Total Revenues	40,975	40,975	53,706	12,731
EXPENDITURES:				
<i>Public works</i>	52,622	71,122	66,333	4,789
Total Expenditures	52,622	71,122	66,333	4,789
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(11,647)	(30,147)	(12,627)	17,520
OTHER FINANCING SOURCES (USES)				
<i>Transfers in</i>	11,647	11,647	11,647	--
Total other financing sources (uses)	11,647	11,647	11,647	--
NET CHANGE IN FUND BALANCES	--	(18,500)	(980)	17,520
FUND BALANCE, Beginning of period	29,225	29,225	29,225	--
FUND BALANCE, End of period	\$ 29,225	\$ 10,725	\$ 28,245	\$ 17,520

# CITY OF HUNTSVILLE, TEXAS

LIBRARY PROJECT FUND  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Fines, fees, and forfeitures</i>	\$ --	\$ --	\$ 1,247	\$ 1,247
<i>Donations, contributions, and grants</i>	20,700	20,700	7,258	(13,442)
<i>Investment income</i>	600	600	170	(430)
Total Revenues	21,300	21,300	8,675	(12,625)
EXPENDITURES:				
<i>Community services</i>	22,500	25,730	6,938	18,792
Total Expenditures	22,500	25,730	6,938	18,792
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,200)	(4,430)	1,737	6,167
OTHER FINANCING SOURCES (USES)				
<i>Transfers out</i>	--	(2,000)	(2,000)	--
Total other financing sources (uses)	--	(2,000)	(2,000)	--
NET CHANGE IN FUND BALANCES	(1,200)	(6,430)	(263)	6,167
FUND BALANCE, Beginning of period	51,203	51,203	51,203	--
FUND BALANCE, End of period	\$ 50,003	\$ 44,773	\$ 50,940	\$ 6,167

# CITY OF HUNTSVILLE, TEXAS

LIBRARY GRANTS

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-9

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Donations, contributions, and grants</i>	\$ --	\$ 9,441	\$ 25,198	\$ 15,757
Total Revenues	--	9,441	25,198	15,757
EXPENDITURES:				
<i>Community services</i>	--	13,791	29,548	(15,757)
Total Expenditures	--	13,791	29,548	(15,757)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	--	(4,350)	(4,350)	--
OTHER FINANCING SOURCES (USES)				
<i>Transfers in</i>	--	9,703	9,703	--
Total other financing sources (uses)	--	9,703	9,703	--
NET CHANGE IN FUND BALANCES	--	5,353	5,353	--
FUND BALANCE, Beginning of period	--	--	--	--
FUND BALANCE, End of period	\$ --	\$ 5,353	\$ 5,353	\$ --



**CITY OF HUNTSVILLE, TEXAS**

POLICE DEPARTMENT SCHOOL RESOURCE OFFICER

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

**EXHIBIT C-10**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Charges for sales and services</i>	\$ 409,801	\$ 409,801	\$ 380,165	\$ (29,636)
<i>Investment income</i>	54	54	44	(10)
Total Revenues	409,855	409,855	380,209	(29,646)
EXPENDITURES:				
<i>Public safety</i>	512,251	522,251	481,020	41,231
Total Expenditures	512,251	522,251	481,020	41,231
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(102,396)	(112,396)	(100,811)	11,585
OTHER FINANCING SOURCES (USES)				
<i>Transfers in</i>	102,450	102,450	102,450	--
Total other financing sources (uses)	102,450	102,450	102,450	--
NET CHANGE IN FUND BALANCES	54	(9,946)	1,639	11,585
FUND BALANCE, Beginning of period	15,924	15,924	15,924	--
FUND BALANCE, End of period	\$ 15,978	\$ 5,978	\$ 17,563	\$ 11,585

# CITY OF HUNTSVILLE, TEXAS

POLICE GRANTS

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-11

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Donations, contributions, and grants</i>	\$ 117,662	\$ 166,188	\$ 166,188	\$ --
<i>Investment income</i>	513	513	75	(438)
Total Revenues	118,175	166,701	166,263	(438)
EXPENDITURES:				
<i>Public safety</i>	132,432	166,628	166,628	--
Total Expenditures	132,432	166,628	166,628	--
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(14,257)	73	(365)	(438)
OTHER FINANCING SOURCES (USES)				
<i>Transfers in</i>	--	11,720	11,720	--
Total other financing sources (uses)	--	11,720	11,720	--
NET CHANGE IN FUND BALANCES	(14,257)	11,793	11,355	(438)
FUND BALANCE, Beginning of period	52,178	52,178	52,178	--
FUND BALANCE, End of period	\$ 37,921	\$ 63,971	\$ 63,533	\$ (438)

# CITY OF HUNTSVILLE, TEXAS

LIBRARY DONATIONS  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-12

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Donations, contributions, and grants</i>	\$ --	\$ 87,849	\$ 101,639	\$ 13,790
<i>Investment income</i>	--	--	69	69
Total Revenues	--	87,849	101,708	13,859
EXPENDITURES:				
<i>Community services</i>	--	87,849	--	87,849
Total Expenditures	--	87,849	--	87,849
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	--	--	101,708	101,708
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	--	--	--	--
NET CHANGE IN FUND BALANCES	--	--	101,708	101,708
FUND BALANCE, Beginning of period	--	--	--	--
FUND BALANCE, End of period	\$ --	\$ --	\$ 101,708	\$ 101,708

# CITY OF HUNTSVILLE, TEXAS

ARTS CENTER SRF  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-13

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Other taxes</i>	\$ 78,000	\$ 78,000	\$ 78,461	\$ 461
<i>Charges for sales and services</i>	1,500	1,500	235	(1,265)
<i>Fines, fees, and forfeitures</i>	5,000	5,000	8,427	3,427
<i>Donations, contributions, and grants</i>	2,500	2,500	5,320	2,820
<i>Investment income</i>	623	623	98	(525)
Total Revenues	87,623	87,623	92,541	4,918
EXPENDITURES:				
<i>Community services</i>	146,116	173,850	159,103	14,747
Total Expenditures	146,116	173,850	159,103	14,747
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(58,493)	(86,227)	(66,562)	19,665
OTHER FINANCING SOURCES (USES)				
<i>Transfers in</i>	61,478	61,478	61,478	--
<i>Transfers out</i>	(2,985)	(2,985)	(2,160)	825
Total other financing sources (uses)	58,493	58,493	59,318	825
NET CHANGE IN FUND BALANCES	--	(27,734)	(7,244)	20,490
FUND BALANCE, Beginning of period	54,678	54,678	54,678	--
FUND BALANCE, End of period	\$ 54,678	\$ 26,944	\$ 47,434	\$ 20,490

# CITY OF HUNTSVILLE, TEXAS

EXHIBIT C-14

HOME GRANT FUND  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Donations, contributions, and grants</i>	\$ --	\$ 483,153	\$ 483,153	\$ --
<i>Investment income</i>	--	17	17	--
Total Revenues	--	483,170	483,170	--
EXPENDITURES:				
<i>Community services</i>	--	503,160	504,153	(993)
Total Expenditures	--	503,160	504,153	(993)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	--	(19,990)	(20,983)	(993)
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	--	--	--	--
NET CHANGE IN FUND BALANCES	--	(19,990)	(20,983)	(993)
FUND BALANCE, Beginning of period	21,042	21,042	21,042	--
FUND BALANCE, End of period	\$ 21,042	\$ 1,052	\$ 59	\$ (993)

**CITY OF HUNTSVILLE, TEXAS**

HUNTSVILLE BEAUTIFICATION FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

**EXHIBIT C-15**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Donations, contributions, and grants</i>	\$ 2,000	\$ 2,000	\$ 1,390	\$ (610)
<i>Investment income</i>	167	167	58	(109)
Total Revenues	2,167	2,167	1,448	(719)
EXPENDITURES:				
<i>Community services</i>	4,000	4,000	--	4,000
Total Expenditures	4,000	4,000	--	4,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,833)	(1,833)	1,448	3,281
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	--	--	--	--
NET CHANGE IN FUND BALANCES	(1,833)	(1,833)	1,448	3,281
FUND BALANCE, Beginning of period	18,956	18,956	18,956	--
FUND BALANCE, End of period	\$ 17,123	\$ 17,123	\$ 20,404	\$ 3,281

# CITY OF HUNTSVILLE, TEXAS

HOTEL MOTEL - TOURISM

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-16

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 440,000	\$ 440,000	\$ 470,763	\$ 30,763
Charges for sales and services	3,000	3,000	802	(2,198)
Donations, contributions, and grants	--	--	4,940	4,940
Investment income	6,203	6,203	1,614	(4,589)
Other	--	--	48	48
Total Revenues	449,203	449,203	478,167	28,964
EXPENDITURES:				
Public works	92,374	93,873	79,671	14,202
Community services	321,237	492,355	481,817	10,538
Total Expenditures	413,610	586,228	561,488	24,740
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	35,593	(137,025)	(83,321)	53,704
OTHER FINANCING SOURCES (USES)				
Transfers out	(14,173)	(14,173)	(14,173)	--
Total other financing sources (uses)	(14,173)	(14,173)	(14,173)	--
NET CHANGE IN FUND BALANCES	21,420	(151,198)	(97,494)	53,704
FUND BALANCE, Beginning of period	386,755	386,755	386,755	--
FUND BALANCE, End of period	\$ 408,175	\$ 235,557	\$ 289,261	\$ 53,704

# CITY OF HUNTSVILLE, TEXAS

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-17

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 1,938,000	\$ 1,938,000	\$ 2,284,752	\$ 346,752
Investment income	12,000	12,000	3,392	(8,608)
Total Revenues	1,950,000	1,950,000	2,288,144	338,144
EXPENDITURES:				
Debt Service:				
Principal retirement	1,363,000	1,363,000	1,363,000	--
Interest and fiscal charges	728,424	728,424	728,424	--
Total Expenditures	2,091,424	2,091,424	2,091,424	--
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(141,424)	(141,424)	196,720	338,144
OTHER FINANCING SOURCES (USES)				
Transfers out	(158,550)	(158,550)	(158,550)	--
Total other financing sources (uses)	(158,550)	(158,550)	(158,550)	--
NET CHANGE IN FUND BALANCES	(299,974)	(299,974)	38,170	338,144
FUND BALANCE, Beginning of period	557,979	557,979	557,979	--
FUND BALANCE, End of period	\$ 258,005	\$ 258,005	\$ 596,149	\$ 338,144



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**CITY OF HUNTSVILLE, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**SEPTEMBER 30, 2011**

	Street Capital Projects	Sidewalks	General Improvements
<b>ASSETS:</b>			
<i>Cash and cash equivalents</i>	\$ 3,013	\$ 115,081	\$ 294,175
<i>Investments</i>	419,266	190,929	600,770
<b>Total Assets</b>	<b>\$ 422,279</b>	<b>\$ 306,010</b>	<b>\$ 894,945</b>
<b>LIABILITIES:</b>			
<i>Accounts payable</i>	\$ 13,288	\$ 1,265	\$ 39,403
<b>Total Liabilities</b>	<b>13,288</b>	<b>1,265</b>	<b>39,403</b>
<b>FUND BALANCES:</b>			
<i>Assigned to:</i>			
<i>Construction of capital assets</i>	408,991	304,745	855,542
<b>Total Fund Balances</b>	<b>408,991</b>	<b>304,745</b>	<b>855,542</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 422,279</b>	<b>\$ 306,010</b>	<b>\$ 894,945</b>

Swimming Pool	IS Computer CIP	Fire Station West Side	NE Fire Station Construction	Library Expansion
\$ 4,508	\$ 55,468	\$ 349	\$ 5,678	\$ 8,260
85,857	386,602	45,309	165,529	761,127
<u>\$ 90,365</u>	<u>\$ 442,070</u>	<u>\$ 45,658</u>	<u>\$ 171,207</u>	<u>\$ 769,387</u>
\$ 54,083	\$ --	\$ --	\$ --	\$ 219,755
<u>54,083</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>219,755</u>
36,282	442,070	45,658	171,207	549,632
<u>36,282</u>	<u>442,070</u>	<u>45,658</u>	<u>171,207</u>	<u>549,632</u>
<u>\$ 90,365</u>	<u>\$ 442,070</u>	<u>\$ 45,658</u>	<u>\$ 171,207</u>	<u>\$ 769,387</u>

**CITY OF HUNTSVILLE, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**SEPTEMBER 30, 2011**

	Cemetery Projects	Land Acquisition	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
<b>ASSETS:</b>			
<i>Cash and cash equivalents</i>	\$ 1,153	\$ 73,260	\$ 560,945
<i>Investments</i>	7,051	3,141	2,665,581
<b>Total Assets</b>	<b>\$ 8,204</b>	<b>\$ 76,401</b>	<b>\$ 3,226,526</b>
<b>LIABILITIES:</b>			
<i>Accounts payable</i>	\$ --	\$ --	\$ 327,794
<b>Total Liabilities</b>	<b>--</b>	<b>--</b>	<b>327,794</b>
<b>FUND BALANCES:</b>			
<i>Assigned to:</i>			
<i>Construction of capital assets</i>	8,204	76,401	2,898,732
<b>Total Fund Balances</b>	<b>8,204</b>	<b>76,401</b>	<b>2,898,732</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 8,204</b>	<b>\$ 76,401</b>	<b>\$ 3,226,526</b>

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# CITY OF HUNTSVILLE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Street Capital Projects	Sidewalks	General Improvements
REVENUES:			
<i>Donations, contributions, and grants</i>	\$ --	\$ --	\$ 25,000
<i>Investment income</i>	7,286	841	12,799
Total Revenues	<u>7,286</u>	<u>841</u>	<u>37,799</u>
EXPENDITURES:			
<i>Public works</i>	566,580	51,690	200
<i>Community services</i>	--	--	246,289
<i>Public safety</i>	--	--	--
Total Expenditures	<u>566,580</u>	<u>51,690</u>	<u>246,489</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(559,294)</u>	<u>(50,849)</u>	<u>(208,690)</u>
OTHER FINANCING SOURCES (USES)			
<i>Transfers in</i>	540,151	--	230,530
<i>Transfers out</i>	--	--	(521,300)
Total other financing sources (uses)	<u>540,151</u>	<u>--</u>	<u>(290,770)</u>
NET CHANGE IN FUND BALANCES	(19,143)	(50,849)	(499,460)
FUND BALANCE, Beginning of period	428,134	355,594	1,355,002
FUND BALANCE, End of period	<u>\$ 408,991</u>	<u>\$ 304,745</u>	<u>\$ 855,542</u>

Swimming Pool	IS Computer CIP	Fire Station West Side	NE Fire Station Construction	Library Expansion
\$ 1,800	\$ --	\$ --	\$ --	\$ 15,665
1,789	3,505	302	3,948	14,920
<u>3,589</u>	<u>3,505</u>	<u>302</u>	<u>3,948</u>	<u>30,585</u>
--	--	--	--	--
294,503	--	--	--	2,468,105
--	167,103	30,647	--	--
<u>294,503</u>	<u>167,103</u>	<u>30,647</u>	<u>--</u>	<u>2,468,105</u>
(290,914)	(163,598)	(30,345)	3,948	(2,437,520)
139,750	548,900	--	--	--
--	--	--	--	--
<u>139,750</u>	<u>548,900</u>	<u>--</u>	<u>--</u>	<u>--</u>
(151,164)	385,302	(30,345)	3,948	(2,437,520)
187,446	56,768	76,003	167,259	2,987,152
<u>\$ 36,282</u>	<u>\$ 442,070</u>	<u>\$ 45,658</u>	<u>\$ 171,207</u>	<u>\$ 549,632</u>

**CITY OF HUNTSVILLE, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Cemetery Projects	Land Acquisition	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
REVENUES:			
<i>Donations, contributions, and grants</i>	\$ 588	\$ --	\$ 43,053
<i>Investment income</i>	34	3,822	49,246
Total Revenues	<u>622</u>	<u>3,822</u>	<u>92,299</u>
EXPENDITURES:			
<i>Public works</i>	--	287,608	906,078
<i>Community services</i>	4,488	--	3,013,385
<i>Public safety</i>	--	--	197,750
Total Expenditures	<u>4,488</u>	<u>287,608</u>	<u>4,117,213</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,866)</u>	<u>(283,786)</u>	<u>(4,024,914)</u>
OTHER FINANCING SOURCES (USES)			
<i>Transfers in</i>	--	--	1,459,331
<i>Transfers out</i>	--	--	(521,300)
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>938,031</u>
NET CHANGE IN FUND BALANCES	(3,866)	(283,786)	(3,086,883)
FUND BALANCE, Beginning of period	12,070	360,187	5,985,615
FUND BALANCE, End of period	<u>\$ 8,204</u>	<u>\$ 76,401</u>	<u>\$ 2,898,732</u>



**CITY OF HUNTSVILLE, TEXAS**

COMBINING BALANCE SHEET

NONMAJOR PERMANENT FUNDS

SEPTEMBER 30, 2011

	Library Endowment Nonexpendable Trust Fund	Oakwood Cemetery Endowment	Total Nonmajor Permanent Funds (See Exhibit C-1)
<b>ASSETS:</b>			
<i>Cash and cash equivalents</i>	\$ 6,152	\$ 7,917	\$ 14,069
<i>Investments</i>	99,803	347,505	447,308
<b>Total Assets</b>	<b>\$ 105,955</b>	<b>\$ 355,422</b>	<b>\$ 461,377</b>
<b>LIABILITIES:</b>			
<i>Total Liabilities</i>	--	--	--
<b>FUND BALANCES:</b>			
<i>Nonspendable</i>			
<i>Permanent Funds</i>	\$ 105,955	\$ 355,422	\$ 461,377
<b>Total Fund Balances</b>	<b>105,955</b>	<b>355,422</b>	<b>461,377</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 105,955</b>	<b>\$ 355,422</b>	<b>\$ 461,377</b>

**CITY OF HUNTSVILLE, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR PERMANENT FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Library Endowment Nonexpendable Trust Fund	Oakwood Cemetery Endowment	Total Nonmajor Permanent Funds (See Exhibit C-2)
REVENUES:			
<i>Donations, contributions, and grants</i>	\$ --	\$ 500	\$ 500
<i>Investment income</i>	511	4,726	5,237
Total Revenues	<u>511</u>	<u>5,226</u>	<u>5,737</u>
EXPENDITURES:			
Total Expenditures	<u>--</u>	<u>--</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>511</u>	<u>5,226</u>	<u>5,737</u>
OTHER FINANCING SOURCES (USES)			
<i>Transfers out</i>	--	(3,550)	(3,550)
Total other financing sources (uses)	<u>--</u>	<u>(3,550)</u>	<u>(3,550)</u>
NET CHANGE IN FUND BALANCES	511	1,676	2,187
FUND BALANCE, Beginning of period	105,444	353,746	459,190
FUND BALANCE, End of period	<u>\$ 105,955</u>	<u>\$ 355,422</u>	<u>\$ 461,377</u>

# CITY OF HUNTSVILLE, TEXAS

LIBRARY ENDOWMENT

PERMANENT FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-22

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 1,052	\$ 1,052	\$ 511	\$ (541)
Total Revenues	1,052	1,052	511	(541)
EXPENDITURES:				
Total Expenditures	--	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,052	1,052	511	(541)
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	--	--	--	--
NET CHANGE IN FUND BALANCES	1,052	1,052	511	(541)
FUND BALANCE, Beginning of period	105,444	105,444	105,444	--
FUND BALANCE, End of period	\$ 106,496	\$ 106,496	\$ 105,955	\$ (541)

**CITY OF HUNTSVILLE, TEXAS**  
**OAKWOOD CEMETERY ENDOWMENT**  
**PERMANENT FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**EXHIBIT C-23**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
<i>Donations, contributions, and grants</i>	\$ --	\$ --	\$ 500	\$ 500
<i>Investment income</i>	3,550	3,550	4,726	1,176
Total Revenues	3,550	3,550	5,226	1,676
EXPENDITURES:				
Total Expenditures	--	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,550	3,550	5,226	1,676
OTHER FINANCING SOURCES (USES)				
<i>Transfers out</i>	(3,550)	(3,550)	(3,550)	--
Total other financing sources (uses)	(3,550)	(3,550)	(3,550)	--
NET CHANGE IN FUND BALANCES	--	--	1,676	1,676
FUND BALANCE, Beginning of period	353,746	353,746	353,746	--
FUND BALANCE, End of period	\$ 353,746	\$ 353,746	\$ 355,422	\$ 1,676

# CITY OF HUNTSVILLE, TEXAS

WATER FUND

ENTERPRISE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-24

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES:				
Service Charges:				
<i>Water sales</i>	\$ 10,076,338	\$ 10,076,338	\$ 10,932,888	\$ 856,550
<i>Inter-department sales and services</i>	334,336	334,336	334,336	--
Total service charges	10,410,674	10,410,674	11,267,224	856,550
Service Fees and Miscellaneous:				
<i>Tap and connection fees</i>	115,000	115,000	142,090	27,090
<i>Customer penalties and miscellaneous</i>	65,700	65,700	66,349	649
<i>Grants and contributions</i>	--	289,709	682,080	392,371
Total service fees and miscellaneous	180,700	470,409	890,519	420,110
Total Operating Revenues	10,591,374	10,881,083	12,157,743	1,276,660
OPERATING EXPENSES:				
<i>Administration</i>	2,821,163	2,766,798	2,720,768	46,030
<i>Water production and distribution</i>	1,920,460	2,496,165	2,066,517	429,648
<i>TRA joint venture</i>	3,567,620	3,567,620	3,975,727	(408,107)
<i>Utility billing/customer service</i>	651,348	658,378	646,584	11,794
<i>Principal payments</i>	1,175,001	1,175,001	--	1,175,001
<i>Depreciation expense</i>	--	--	805,423	(805,423)
Total Expenditures	10,135,593	10,663,962	10,215,019	448,943
OPERATING INCOME (LOSS)	455,781	217,121	1,942,724	1,725,603
NONOPERATING REVENUES (EXPENSES):				
<i>Interest income</i>	50,261	50,261	39,730	(10,531)
<i>Interest expense</i>	(338,068)	(338,068)	(338,068)	--
Total Non-operating Revenues (Expenses)	(287,807)	(287,807)	(298,338)	(10,531)
INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFERS	167,974	(70,686)	1,644,386	1,715,072
CONTRIBUTIONS AND TRANSFERS :				
<i>Transfers in</i>	--	5,000	202,717	197,717
<i>Transfers out</i>	--	--	(56,030)	(56,030)
Total Contributions and Transfers	--	5,000	146,687	141,687
CHANGE IN NET ASSETS	167,974	(65,686)	1,791,073	1,856,759
TOTAL NET ASSETS - beginning	28,534,097	28,534,097	28,534,097	--
TOTAL NET ASSETS - end	\$ 28,702,071	\$ 28,468,411	\$ 30,325,170	\$ 1,856,759

**CITY OF HUNTSVILLE, TEXAS**

WASTEWATER FUND

ENTERPRISE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

**EXHIBIT C-25**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES:				
Service Charges:				
<i>Wastewater sales and services</i>	\$ 8,100,000	\$ 8,100,000	\$ 8,214,623	\$ 114,623
<i>Inter-department sales and services</i>	62,991	62,991	62,991	--
Total service charges	8,162,991	8,162,991	8,277,614	114,623
Service Fees and Miscellaneous:				
<i>Tap and connection fees</i>	40,000	40,000	39,224	(776)
<i>Customer penalties and miscellaneous</i>	59,000	59,000	92,417	33,417
<i>Grants and contributions</i>	--	--	467,899	467,899
Total service fees and miscellaneous	99,000	99,000	599,540	500,540
Total Operating Revenues	8,261,991	8,261,991	8,877,154	615,163
OPERATING EXPENSES:				
<i>Administration</i>	3,577,509	3,570,922	2,685,693	885,229
<i>Wastewater collection and treatment</i>	2,733,600	2,743,461	2,496,695	246,766
<i>Lab/compliance</i>	248,023	254,942	249,704	5,238
<i>Principal payments</i>	1,530,000	1,570,000	--	1,570,000
<i>Depreciation expense</i>	--	--	1,387,281	(1,387,281)
Total Expenditures	8,089,132	8,139,325	6,819,373	1,319,952
OPERATING INCOME (LOSS)	172,859	122,666	2,057,781	1,935,115
NONOPERATING REVENUES (EXPENSES):				
<i>Interest income</i>	47,970	47,970	83,854	35,884
<i>Interest expense</i>	(537,111)	(505,832)	(505,828)	4
Total Non-operating Revenues (Expenses)	(489,141)	(457,862)	(421,974)	35,888
INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFERS	(316,282)	(335,196)	1,635,807	1,971,003
CONTRIBUTIONS AND TRANSFERS :				
<i>Transfers in</i>	--	--	14,658	14,658
<i>Transfers out</i>	(103,825)	(103,825)	(103,825)	--
Total Contributions and Transfers	(103,825)	(103,825)	(89,167)	14,658
CHANGE IN NET ASSETS	(420,107)	(439,021)	1,546,640	1,985,661
TOTAL NET ASSETS - beginning	31,800,461	31,800,461	31,800,461	--
TOTAL NET ASSETS - end	\$ 31,380,354	\$ 31,361,440	\$ 33,347,101	\$ 1,985,661

**CITY OF HUNTSVILLE, TEXAS**

SOLID WASTE FUND

ENTERPRISE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-26

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES:				
Service Charges:				
<i>Solid waste fees - residential and commercial</i>	\$ 3,385,000	\$ 3,385,000	\$ 3,409,111	\$ 24,111
<i>Solid waste fees - disposal</i>	783,000	783,000	826,647	43,647
Total service charges	4,168,000	4,168,000	4,235,758	67,758
Service Fees and Miscellaneous:				
<i>Customer penalties and miscellaneous</i>	89,009	89,009	65,087	(23,922)
<i>Grants and contributions</i>	190,000	190,000	190,000	--
Total service fees and miscellaneous	279,009	279,009	255,087	(23,922)
Total Operating Revenues	4,447,009	4,447,009	4,490,845	43,836
OPERATING EXPENSES:				
<i>Administration</i>	1,573,066	1,293,444	1,293,443	1
<i>Solid waste collection and disposal</i>	2,745,243	3,096,690	2,858,743	237,947
<i>Depreciation expense</i>	--	--	94,529	(94,529)
Total Expenditures	4,318,309	4,390,134	4,246,715	143,419
OPERATING INCOME (LOSS)	128,700	56,875	244,130	187,255
NONOPERATING REVENUES (EXPENSES):				
<i>Interest income</i>	18,408	18,408	18,129	(279)
Total Non-operating Revenues (Expenses)	18,408	18,408	18,129	(279)
INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFERS	147,108	75,283	262,259	186,976
CONTRIBUTIONS AND TRANSFERS :				
<i>Transfers out</i>	(74,265)	(74,265)	(74,265)	--
Total Contributions and Transfers	(74,265)	(74,265)	(74,265)	--
CHANGE IN NET ASSETS	72,843	1,018	187,994	186,976
TOTAL NET ASSETS - beginning	2,385,328	2,385,328	2,385,328	--
TOTAL NET ASSETS - end	\$ 2,458,171	\$ 2,386,346	\$ 2,573,322	\$ 186,976

**CITY OF HUNTSVILLE, TEXAS****COMBINING STATEMENT OF NET ASSETS****INTERNAL SERVICE FUNDS**

SEPTEMBER 30, 2011

	Medical Insurance Fund	Equipment Replacement Fund	Computer Replacement Fund	Total Internal Service Funds (See Exhibit A-7)
<b>ASSETS:</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 888,800	\$ 57,047	\$ 20,439	\$ 966,286
Investments	1,427,718	989,933	--	2,417,651
<b>Accounts receivable:</b>				
Receivables (net of allowances for uncollectibles)	--	6,600	--	6,600
Other	87,546	--	--	87,546
Total Current Assets	2,404,064	1,053,580	20,439	3,478,083
<b>Noncurrent Assets</b>				
Capital assets (net of accumulated depreciation)	--	3,780,211	531,572	4,311,783
Total Noncurrent Assets	--	3,780,211	531,572	4,311,783
<b>Total Assets</b>	<b>\$ 2,404,064</b>	<b>\$ 4,833,791</b>	<b>\$ 552,011</b>	<b>\$ 7,789,866</b>
<b>LIABILITIES:</b>				
<b>Current Liabilities:</b>				
Accounts payable	\$ 161,200	\$ --	\$ --	\$ 161,200
Accrued interest	--	14,710	--	14,710
Noncurrent liabilities due within one year	--	201,231	--	201,231
Total Current Liabilities	161,200	215,941	--	377,141
<b>Noncurrent Liabilities-</b>				
Due in more than one year	--	208,168	--	208,168
Total Noncurrent Liabilities	--	208,168	--	208,168
Total Liabilities	161,200	424,109	--	585,309
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	--	3,370,812	531,572	3,902,384
Unrestricted	2,242,864	1,038,870	20,439	3,302,173
Total Net Assets	2,242,864	4,409,682	552,011	7,204,557
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,404,064</b>	<b>\$ 4,833,791</b>	<b>\$ 552,011</b>	<b>\$ 7,789,866</b>



**CITY OF HUNTSVILLE, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Medical Insurance Fund	Equipment Replacement Fund	Computer Replacement Fund	Total Internal Service Funds (See Exhibit A-8)
OPERATING REVENUES:				
Service Charges:				
<i>Inter-department sales and services</i>	\$ 3,569,394	\$ 902,217	\$ 189,571	\$ 4,661,182
Total service charges	<u>3,569,394</u>	<u>902,217</u>	<u>189,571</u>	<u>4,661,182</u>
Service Fees and Miscellaneous:				
<i>Customer penalties and miscellaneous</i>	291	86,284	--	86,575
<i>Grants and contributions</i>	--	9,875	--	9,875
Total service fees and miscellaneous	<u>291</u>	<u>96,159</u>	<u>--</u>	<u>96,450</u>
Total Operating Revenues	<u>3,569,685</u>	<u>998,376</u>	<u>189,571</u>	<u>4,757,632</u>
OPERATING EXPENSES:				
<i>Administration</i>	4,478,619	--	--	4,478,619
<i>Equipment replacement</i>	--	--	113,262	113,262
<i>Depreciation expense</i>	--	1,057,038	191,329	1,248,367
Total Expenditures	<u>4,478,619</u>	<u>1,057,038</u>	<u>304,591</u>	<u>5,840,248</u>
OPERATING INCOME (LOSS)	<u>(908,934)</u>	<u>(58,662)</u>	<u>(115,020)</u>	<u>(1,082,616)</u>
NONOPERATING REVENUES (EXPENSES):				
<i>Interest income</i>	14,789	4,646	39	19,474
<i>Interest expense</i>	--	(20,811)	--	(20,811)
Total Non-operating Revenues (Expenses)	<u>14,789</u>	<u>(16,165)</u>	<u>39</u>	<u>(1,337)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFER	<u>(894,145)</u>	<u>(74,827)</u>	<u>(114,981)</u>	<u>(1,083,953)</u>
CONTRIBUTIONS AND TRANSFERS :				
<i>Transfers in</i>	300,000	--	--	300,000
<i>Transfers out</i>	--	--	(73,500)	(73,500)
Total Contributions and Transfers	<u>300,000</u>	<u>--</u>	<u>(73,500)</u>	<u>226,500</u>
CHANGE IN NET ASSETS	<u>(594,145)</u>	<u>(74,827)</u>	<u>(188,481)</u>	<u>(857,453)</u>
TOTAL NET ASSETS - beginning	2,837,009	4,484,509	740,492	8,062,010
TOTAL NET ASSETS - end	<u>\$ 2,242,864</u>	<u>\$ 4,409,682</u>	<u>\$ 552,011</u>	<u>\$ 7,204,557</u>

**CITY OF HUNTSVILLE, TEXAS****COMBINING STATEMENT OF CASH FLOWS****ALL INTERNAL SERVICE FUNDS****FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	Medical Insurance Fund	Equipment Replacement Fund	Computer Replacement Fund	Total Internal Service Funds (See Exhibit A-9)
<b>Cash Flows from Operating Activities:</b>				
<i>Cash Received from Customers</i>	\$ 291	\$ 79,684	\$ --	\$ 79,975
<i>Cash Received from Grants</i>	--	9,875	--	9,875
<i>Interfund Services Provided and Used</i>	3,481,848	902,217	189,571	4,573,636
<i>Cash Payments to Employees</i>	--	--	--	--
<i>Cash Payments to Suppliers for Goods and Services</i>	(4,497,844)	--	(113,262)	(4,611,106)
Net Cash Provided (Used) by Operating Activities	<u>(1,015,705)</u>	<u>991,776</u>	<u>76,309</u>	<u>52,380</u>
<b>Cash Flows from Non-capital Financing Activities:</b>				
<i>Transfers From (To) Other Funds</i>	300,000	--	(73,500)	226,500
Net Cash Provided (Used) by Non-capital Financing Activities	<u>300,000</u>	<u>--</u>	<u>(73,500)</u>	<u>226,500</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
<i>Principal and Interest Paid</i>	--	(215,338)	--	(215,338)
<i>Proceeds from Capital Lease</i>	--	--	--	--
<i>Acquisition or Construction of Capital Assets</i>	--	(712,948)	(61,999)	(774,947)
<i>Proceeds from Sale of Capital Assets</i>	--	--	--	--
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>--</u>	<u>(928,286)</u>	<u>(61,999)</u>	<u>(990,285)</u>
<b>Cash Flows from Investing Activities:</b>				
<i>Purchase of Investments</i>	(1,427,718)	(989,933)	--	(2,417,651)
<i>Interest and Dividends on Investments</i>	14,789	4,646	39	19,474
Net Cash Provided (Used) for Investing Activities	<u>(1,412,929)</u>	<u>(985,287)</u>	<u>39</u>	<u>(2,398,177)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,128,634)	(921,797)	(59,151)	(3,109,582)
Cash and Cash Equivalents at Beginning of Year	3,017,434	978,844	79,590	4,075,868
Cash and Cash Equivalents at End of Year	<u>\$ 888,800</u>	<u>\$ 57,047</u>	<u>\$ 20,439</u>	<u>\$ 966,286</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>				
Operating Income (Loss)	\$ (908,934)	\$ (58,662)	\$ (115,020)	\$ (1,082,616)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
<i>Depreciation</i>	--	1,057,038	191,329	1,248,367
<i>Amortization</i>	--	--	--	--
Change in Assets and Liabilities:				
<i>Decrease (Increase) in Prepaid Expenses</i>	--	--	--	--
<i>Decrease (Increase) in Receivables</i>	(87,546)	(6,600)	--	(94,146)
<i>Increase (Decrease) in Accounts Payable</i>	(19,225)	--	--	(19,225)
<i>Increase (Decrease) in Interfund Payables</i>	--	--	--	--
<i>Increase (Decrease) in Due to Other Governments</i>	--	--	--	--
<i>Increase (Decrease) in Accrued Expenses</i>	--	--	--	--
Total Adjustments	<u>(106,771)</u>	<u>1,050,438</u>	<u>191,329</u>	<u>1,134,996</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,015,705)</u>	<u>\$ 991,776</u>	<u>\$ 76,309</u>	<u>\$ 52,380</u>

# CITY OF HUNTSVILLE, TEXAS

MEDICAL INSURANCE

INTERNAL SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT C-30

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES:				
Service Charges:				
<i>Inter-department sales and services</i>	\$ 2,992,724	\$ 2,992,724	\$ 3,569,394	\$ 576,670
Total service charges	2,992,724	2,992,724	3,569,394	576,670
Service Fees and Miscellaneous:				
<i>Customer penalties and miscellaneous</i>	--	--	291	291
Total service fees and miscellaneous	--	--	291	291
Total Operating Revenues	2,992,724	2,992,724	3,569,685	576,961
OPERATING EXPENSES:				
<i>Administration</i>	3,270,000	4,770,000	4,478,619	291,381
Total Expenditures	3,270,000	4,770,000	4,478,619	291,381
OPERATING INCOME (LOSS)	(277,276)	(1,777,276)	(908,934)	868,342
NONOPERATING REVENUES (EXPENSES):				
<i>Interest income</i>	21,123	21,123	14,789	(6,334)
Total Non-operating Revenues (Expenses)	21,123	21,123	14,789	(6,334)
INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFERS	(256,153)	(1,756,153)	(894,145)	862,008
CONTRIBUTIONS AND TRANSFERS :				
<i>Transfers in</i>	300,000	300,000	300,000	--
Total Contributions and Transfers	300,000	300,000	300,000	--
CHANGE IN NET ASSETS	43,847	(1,456,153)	(594,145)	862,008
TOTAL NET ASSETS - beginning	2,837,009	2,837,009	2,837,009	--
TOTAL NET ASSETS - end	\$ 2,880,856	\$ 1,380,856	\$ 2,242,864	\$ 862,008

**CITY OF HUNTSVILLE, TEXAS**

CAPITAL EQUIPMENT

INTERNAL SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2011

**EXHIBIT C-31**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES:				
Service Charges:				
<i>Inter-department sales and services</i>	\$ 902,217	\$ 904,817	\$ 902,217	\$ (2,600)
Total service charges	902,217	904,817	902,217	(2,600)
Service Fees and Miscellaneous:				
<i>Customer penalties and miscellaneous</i>	8,000	8,000	86,284	78,284
<i>Grants and contributions</i>	--	--	9,875	9,875
Total service fees and miscellaneous	8,000	8,000	96,159	88,159
Total Operating Revenues	910,217	912,817	998,376	85,559
OPERATING EXPENSES:				
<i>Equipment replacement</i>	951,825	954,425	--	954,425
<i>Principal payments</i>	194,529	194,529	--	194,529
<i>Depreciation expense</i>	--	--	1,057,038	(1,057,038)
Total Expenditures	1,146,354	1,148,954	1,057,038	91,916
OPERATING INCOME (LOSS)	(236,137)	(236,137)	(58,662)	177,475
NONOPERATING REVENUES (EXPENSES):				
<i>Interest income</i>	9,940	9,940	4,646	(5,294)
<i>Interest expense</i>	(20,812)	(20,812)	(20,811)	1
Total Non-operating Revenues (Expenses)	(10,872)	(10,872)	(16,165)	(5,293)
INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFERS	(247,009)	(247,009)	(74,827)	172,182
CONTRIBUTIONS AND TRANSFERS :				
CHANGE IN NET ASSETS	(247,009)	(247,009)	(74,827)	172,182
TOTAL NET ASSETS - beginning	4,484,509	4,484,509	4,484,509	--
TOTAL NET ASSETS - end	\$ 4,237,500	\$ 4,237,500	\$ 4,409,682	\$ 172,182

**CITY OF HUNTSVILLE, TEXAS**  
**COMPUTER EQUIPMENT REPLACEMENT**  
**INTERNAL SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**EXHIBIT C-32**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES:				
Service Charges:				
<i>Inter-department sales and services</i>	\$ 189,571	\$ 189,571	\$ 189,571	\$ --
Total service charges	189,571	189,571	189,571	--
Service Fees and Miscellaneous:				
Total Operating Revenues	189,571	189,571	189,571	--
OPERATING EXPENSES:				
<i>Equipment replacement</i>	189,570	176,070	113,262	62,808
<i>Depreciation expense</i>	--	--	191,329	(191,329)
Total Expenditures	189,570	176,070	304,591	(128,521)
OPERATING INCOME (LOSS)	1	13,501	(115,020)	(128,521)
NONOPERATING REVENUES (EXPENSES):				
<i>Interest income</i>	948	948	39	(909)
Total Non-operating Revenues (Expenses)	948	948	39	(909)
INCOME (LOSS) BEFORE CONTRIBUTIONS/TRANSFERS	949	14,449	(114,981)	(129,430)
CONTRIBUTIONS AND TRANSFERS :				
<i>Transfers out</i>	--	(73,500)	(73,500)	--
Total Contributions and Transfers	--	(73,500)	(73,500)	--
CHANGE IN NET ASSETS	949	(59,051)	(188,481)	(129,430)
TOTAL NET ASSETS - beginning	740,492	740,492	740,492	--
TOTAL NET ASSETS - end	\$ 741,441	\$ 681,441	\$ 552,011	\$ (129,430)

**CITY OF HUNTSVILLE, TEXAS***COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**AGENCY FUNDS**SEPTEMBER 30, 2011*

	Employee Assistance Trust Fund	Scholarship Trust Fund	Total Agency Funds (See Exhibit A-10)
ASSETS:			
<i>Cash and cash equivalents</i>	\$ 5,259	\$ 6,298	\$ 11,557
<b>Total Assets</b>	<b>\$ 5,259</b>	<b>\$ 6,298</b>	<b>\$ 11,557</b>
LIABILITIES:			
<i>Accounts payable</i>	\$ 5,259	\$ 6,298	\$ 11,557
<b>Total Liabilities</b>	<b>\$ 5,259</b>	<b>\$ 6,298</b>	<b>\$ 11,557</b>

**CITY OF HUNTSVILLE, TEXAS****COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES****ALL AGENCY FUNDS****YEAR ENDED SEPTEMBER 30, 2011****EXHIBIT C-34**

	Balance October 1, 2010	Additions	Deductions	Balance September 30, 2011
<b>Employee Assistance Trust Fund</b>				
<b>ASSETS</b>				
<i>Cash &amp; Investments</i>	\$ 6,093	\$ 1,166	\$ 2,000	\$ 5,259
Total Assets	<u>\$ 6,093</u>	<u>\$ 1,166</u>	<u>\$ 2,000</u>	<u>\$ 5,259</u>
<b>LIABILITIES</b>				
<i>Accounts Payable</i>	\$ 6,093	\$ 1,166	\$ 2,000	\$ 5,259
Total Liabilities	<u>\$ 6,093</u>	<u>\$ 1,166</u>	<u>\$ 2,000</u>	<u>\$ 5,259</u>
<b>Scholarship Trust Fund</b>				
<b>ASSETS</b>				
<i>Cash &amp; Investments</i>	\$ 5,342	\$ 4,158	\$ 3,202	\$ 6,298
Total Assets	<u>\$ 5,342</u>	<u>\$ 4,158</u>	<u>\$ 3,202</u>	<u>\$ 6,298</u>
<b>LIABILITIES</b>				
<i>Accounts Payable</i>	\$ 5,342	\$ 4,158	\$ 3,202	\$ 6,298
Total Liabilities	<u>\$ 5,342</u>	<u>\$ 4,158</u>	<u>\$ 3,202</u>	<u>\$ 6,298</u>
<b>TOTAL AGENCY FUNDS:</b>				
<b>ASSETS</b>				
<i>Cash &amp; Investments</i>	\$ 11,435	\$ 5,324	\$ 5,202	\$ 11,557
Total Assets	<u>\$ 11,435</u>	<u>\$ 5,324</u>	<u>\$ 5,202</u>	<u>\$ 11,557</u>
<b>LIABILITIES</b>				
<i>Accounts Payable</i>	\$ 11,435	\$ 5,324	\$ 5,202	\$ 11,557
Total Liabilities	<u>\$ 11,435</u>	<u>\$ 5,324</u>	<u>\$ 5,202</u>	<u>\$ 11,557</u>

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### *Other Supplementary Information*

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

# Kenneth C. Davis & Company

A Professional Corporation

*Certified Public Accountants*

1300 11TH STREET, SUITE 500

P.O. BOX 6308

HUNTSVILLE, TEXAS 77342

PHONE (936) 291-3020

FAX (936) 291-9607

## Independent Auditor's Report

### Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

City Council  
City of Huntsville, Texas  
1212 Avenue M  
Huntsville, Texas 77340-4608

#### Members of the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Huntsville, Texas as of and for the year ended September 30, 2011, which collectively comprise the City of Huntsville, Texas's basic financial statements and have issued our report thereon dated March 12, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Huntsville, Texas's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Huntsville, Texas's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Huntsville, Texas's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

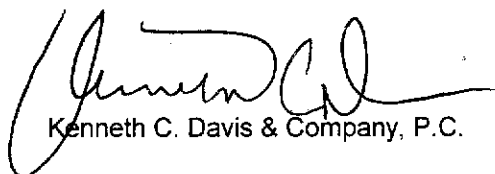
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Huntsville, Texas's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the entity, the City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kenneth C. Davis", is written over the printed name.

Kenneth C. Davis & Company, P.C.

March 12, 2012

# Kenneth C. Davis & Company

A Professional Corporation

*Certified Public Accountants*

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HUNTSVILLE, TEXAS 77342

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## Independent Auditor's Report

### Report on Compliance with Requirements That Could Have a Direct and Material Effect on each Major Program and on Internal Control Over Compliance In Accordance With OMB Circular A-133

City Council  
City of Huntsville, Texas  
1212 Avenue M  
Huntsville, Texas 77340-4608

Members of the City Council:

#### Compliance

We have audited City of Huntsville, Texas's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Huntsville, Texas's major federal programs for the year ended September 30, 2011. City of Huntsville, Texas's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Huntsville, Texas's management. Our responsibility is to express an opinion on City of Huntsville, Texas's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Huntsville, Texas's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Huntsville, Texas's compliance with those requirements.

In our opinion, City of Huntsville, Texas complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011.

#### Internal Control Over Compliance

Management of City of Huntsville, Texas is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Huntsville, Texas's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Huntsville, Texas's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the entity, the City Council, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Kenneth C. Davis', is written over a large, stylized circular flourish.

Kenneth C. Davis & Company, P.C.

March 12, 2012

**CITY OF HUNTSVILLE, TEXAS****SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011****A. Summary of Auditor's Results****1. Financial Statements**

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

One or more material weaknesses identified?

       Yes   X   NoOne or more significant deficiencies identified that  
are not considered to be material weaknesses?       Yes   X   None ReportedNoncompliance material to financial  
statements noted?       Yes   X   No**2. Federal Awards**

Internal control over major programs:

One or more material weaknesses identified?

       Yes   X   NoOne or more significant deficiencies identified that  
are not considered to be material weaknesses?       Yes   X   None ReportedType of auditor's report issued on compliance for  
major programs:UnqualifiedAny audit findings disclosed that are required  
to be reported in accordance with section 510(a)  
of Circular A-133?       Yes   X   No

Identification of major programs:

CFDA Number(s)Name of Federal Program or Cluster

14.228

Homebuyers/Owner Occupied Assistance Program

14.228

Neighborhood Stabilization Program

Dollar threshold used to distinguish between  
type A and type B programs:\$300,000

Auditee qualified as low-risk auditee?

  X   Yes        No**B. Financial Statement Findings**

NONE

**C. Federal Award Findings and Questioned Costs**

NONE

**CITY OF HUNTSVILLE, TEXAS****SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011****EXHIBIT D-1**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b><u>U. S. DEPARTMENT OF JUSTICE</u></b>			
Passed Through Bureau of Justice Assistance:			
Bullet Proof Vest	16.607	N/A	\$ 2,906
Justice Assistance Grant	16.738	2009-DJ-BX-0833	9,347
Justice Assistance Grant	16.738	2010-DJ-BX-0817	18,067
Passed Through Walker County:			
Justice Assistance Grant	16.738	2009-SB-B9-3085	39,248
Total U. S. Department of Justice			<u>69,568</u>
<b><u>U. S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</u></b>			
Passed Through Texas Department of Rural Affairs:			
Homebuyers/Owner Occupied Assistance Program	14.228	1001147	423,012
Neighborhood Stabilization Program	14.228	77099999126	82,869
Total U. S. Department of Homeland Security			<u>505,881</u>
<b><u>U. S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
Passed Through Federal Emergency Management Agency:			
Staffing for Adequate Fire and Emergency Response	97.044	EMW-2006-FF-04180	22,739
Staffing for Adequate Fire and Emergency Response	97.044	EMW-2007-FF-01003	31,560
DHS - Emergency Radios	97.044	EMW-2010-FO-08169	89,669
Passed through U.S. Fire Administration			
Assistance to Firefighters	97.044	EMW-2008-FO-10277	56,322
Total U. S. Department of Homeland Security			<u>200,290</u>
<b><u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u></b>			
Passed Through Texas Department of Public Safety:			
Emergency Management Assistance Program	83.552	09TX-EMPG-0484	11,606
Hazard Mitigation Grant Program	97.039	DR-1791-283	11,591
Passed Through Texas Department of Rural Affairs:			
Passed through Walker County - Hazard Mitigation Grant	97.088	DRS010196	289,709
Total Federal Emergency Management Agency			<u>312,906</u>
<b><u>U.S. DEPARTMENT OF COMMERCE - NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION</u></b>			
Passed Through Texas State Library and Archives Commission:			
Technology Expertise, Access, and Learning (TEAL)	11.557	461-11019	15,757
Total U.S. Dept of Comm. - Nat. Telecoms. & Info. Adm.			<u>15,757</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 1,104,402</u></u>

The accompanying notes are an integral part of this schedule.

## **CITY OF HUNTSVILLE, TEXAS**

### **NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2011**

#### Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Huntsville, Texas and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.



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# STATISTICAL SECTION

This part of the City of Huntsville, Texas's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends	125
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	131
<i>These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.</i>	
Debt Capacity	137
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	142
<i>These schedules offer demographic and economic indicators to help the reader understand how the City's financial activities take place and to help make comparisons over time and with other governments.</i>	
Operating Information	144
<i>These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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TABLE E-1

**CITY OF HUNTSVILLE, TEXAS**

NET ASSETS BY COMPONENT

LAST FIVE FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2007	2008	2009	2010	2011
Governmental Activities					
Invested in Capital Assets,					
Net of Related Debt	\$ 14,125	\$ 14,999	\$ 13,137	\$ 15,282	\$ 14,982
Restricted	1,367	2,271	4,216	6,662	3,605
Unrestricted	9,144	11,645	13,352	6,984	9,453
Total Governmental Activities Net Assets	<u>\$ 24,636</u>	<u>\$ 28,915</u>	<u>\$ 30,705</u>	<u>\$ 28,928</u>	<u>\$ 28,040</u>
Business-type Activities					
Invested in Capital Assets,					
Net of Related Debt	\$ 30,572	\$ 32,580	\$ 33,626	\$ 38,447	\$ 41,168
Restricted	--	--	--	--	--
Unrestricted	28,530	25,888	25,990	24,273	25,078
Total Business-type Activities Net Assets	<u>\$ 59,102</u>	<u>\$ 58,468</u>	<u>\$ 59,616</u>	<u>\$ 62,720</u>	<u>\$ 66,246</u>
Primary Government					
Invested in Capital Assets,					
Net of Related Debt	\$ 44,697	\$ 47,579	\$ 46,763	\$ 53,729	\$ 56,150
Restricted	1,367	2,271	4,216	6,662	3,605
Unrestricted	37,674	37,533	39,342	31,257	34,531
Total Primary Government Net Assets	<u>\$ 83,738</u>	<u>\$ 87,383</u>	<u>\$ 90,321</u>	<u>\$ 91,648</u>	<u>\$ 94,286</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

TABLE E-2

**CITY OF HUNTSVILLE, TEXAS**

EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE  
 LAST FIVE FISCAL YEARS  
 (ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2007	2008	2009	2010	2011
<b>Expenses</b>					
Governmental Activities:					
Charter Offices	\$ 355,117	\$ 252,387	\$ 200,849	\$ 257,439	\$ 219,632
Finance	514,249	578,053	578,505	490,313	959,422
Public Works	4,390,108	3,671,852	4,981,472	5,013,011	8,191,939
Administrative Services	927,606	1,039,121	1,830,932	1,890,358	553,173
Community services	2,840,771	2,878,653	2,761,093	2,949,856	2,745,391
Public Safety	5,261,792	5,884,539	6,063,508	6,413,503	6,772,314
Economic Development	--	--	--	--	--
Information Technology Services	--	--	--	--	--
Organization and Staff Development	--	--	--	--	--
Non-Departmental	--	--	--	--	--
Other	--	--	--	--	--
Interest on Long-Term Debt	823,536	790,282	756,682	657,074	735,374
Total Governmental Activities Expenses	15,113,179	15,094,887	17,173,041	17,671,554	20,177,245
Business-type Activities					
Water	9,418,778	9,838,924	10,809,836	11,240,528	10,553,087
Wastewater	6,865,550	8,186,346	7,598,209	7,202,096	7,325,201
Solid Waste	3,653,569	4,364,518	3,935,369	4,153,125	4,246,715
Golf Course	--	--	--	--	--
Oakwood Cemetery - Operating	104,349	122,322	132,887	--	--
Total Business-type Activities Expenses	20,042,246	22,512,110	22,476,301	22,595,749	22,125,003
Total Primary Government Expenses	\$ 35,155,425	\$ 37,606,997	\$ 39,649,342	\$ 40,267,303	\$ 42,302,248
<b>Program Revenues</b>					
Governmental Activities:					
Charter Offices	\$ --	\$ --	\$ --	\$ --	\$ --
Finance	696,960	869,337	815,659	742,152	902,445
Public Works	551,018	397,595	545,732	646,211	735,745
Administrative Services	--	--	--	--	--
Community services	126,987	156,246	132,403	543,111	545,891
Public Safety	261,730	254,667	461,192	387,252	399,662
Economic Development	--	--	--	--	--
Information Technology Services	--	--	--	--	--
Organization and Staff Development	--	--	--	--	--
Non-Departmental	--	--	--	--	--
Other	--	--	--	--	--
Capital Grants and Contributions	475,000	25,000	--	--	--
Operating Grants and Contributions	618,778	709,012	853,861	906,869	1,319,661
Total Governmental Activities Program Revenues	2,730,473	2,411,857	2,808,847	3,225,595	3,903,404

Business-type Activities:

Charges for Services:

Water	10,041,283	10,777,639	11,236,725	10,686,144	11,475,640
Wastewater	8,258,369	8,471,967	8,264,083	8,320,895	8,387,721
Solid Waste	3,845,390	4,136,836	4,257,337	4,246,461	4,300,845
Golf Course	--	--	--	--	--
Oakwood Cemetery - Operating	23,930	11,930	16,457	--	--
Operating Grants and Contributions	357,206	358,290	577,216	190,023	1,339,979
Total Business-type Activities Program Revenues	<u>22,526,178</u>	<u>23,756,662</u>	<u>24,351,818</u>	<u>23,443,523</u>	<u>25,504,185</u>
Total Primary Government Program Revenues	\$ <u>25,256,651</u>	\$ <u>26,168,519</u>	\$ <u>27,160,665</u>	\$ <u>26,669,118</u>	\$ <u>29,407,589</u>
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$ (12,382,706)	\$ (12,683,030)	\$ (14,364,194)	\$ (14,445,959)	\$ (16,273,841)
Business-type Activities	2,483,932	1,244,552	1,875,517	847,774	3,379,182
Total Primary Government Net Expense	\$ <u>(9,898,774)</u>	\$ <u>(11,438,478)</u>	\$ <u>(12,488,677)</u>	\$ <u>(13,598,185)</u>	\$ <u>(12,894,659)</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

TABLE E-3

## CITY OF HUNTSVILLE, TEXAS

GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS  
 LAST FIVE FISCAL YEARS  
 (ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2007	2008	2009	2010	2011
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$ (12,382,706)	\$ (12,683,030)	\$ (14,364,194)	\$ (14,445,959)	\$ (16,273,841)
Business-type Activities	2,483,932	1,244,552	1,875,517	847,774	3,379,182
Total Primary Government Net Expense	\$ (9,898,774)	\$ (11,438,478)	\$ (12,488,677)	\$ (13,598,185)	\$ (12,894,659)
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental Activities:					
Taxes					
Property Taxes	\$ 4,222,399	\$ 4,512,407	\$ 4,642,267	\$ 4,910,022	\$ 4,945,427
Franchise Taxes	2,157,839	2,204,367	2,464,364	2,933,589	2,893,671
Sales Taxes	5,902,325	6,072,299	6,516,515	5,989,793	6,443,698
Other Taxes	581,957	672,527	624,862	614,394	647,106
Unrestricted Grants and Contributions	--	--	--	--	--
Payments in Lieu of Taxes	--	--	--	--	--
Investment Earnings	571,588	443,065	163,418	201,656	182,986
Gain/(Loss) on Disposal of Assets	--	--	(18,077)	--	--
Other Revenues	445,494	495,382	822,493	132,978	256,999
Transfers	490,458	2,561,493	938,099	(2,113,407)	16,745
Total Governmental Activities	\$ 14,372,060	\$ 16,961,540	\$ 16,153,941	\$ 12,669,025	\$ 15,386,632
Business-type Activities:					
Investment Earnings	1,074,767	683,014	210,752	142,636	141,713
Other Revenues	--	257	--	--	21,557
Transfers	(490,458)	(2,561,493)	(938,099)	2,113,407	(16,745)
Total Business-type Activities	584,309	(1,878,222)	(727,347)	2,256,043	146,525
Total Primary Government	\$ 14,956,369	\$ 15,083,318	\$ 15,426,594	\$ 14,925,068	\$ 15,533,157
<b>Change in Net Assets</b>					
Governmental Activities	\$ 1,989,354	\$ 4,278,510	\$ 1,789,747	\$ (1,776,934)	\$ (887,209)
Business-type Activities	3,068,241	(633,670)	1,148,170	3,103,817	3,525,707
Total Primary Government	\$ 5,057,595	\$ 3,644,840	\$ 2,937,917	\$ 1,326,883	\$ 2,638,498

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

TABLE E-4

**CITY OF HUNTSVILLE, TEXAS**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

GASB 54 Reporting		Fiscal Year								
		2011								
General Fund										
Nonspendable	\$	112,643								
Restricted		--								
Committed		220,230								
Assigned		--								
Unassigned		8,788,354								
Total General Fund	\$	9,121,227								
All Other Governmental Funds										
Nonspendable	\$	469,485								
Restricted		1,452,211								
Committed		860,588								
Assigned		2,898,732								
Unassigned		--								
Total All Other Governmental Funds	\$	5,681,016								
Pre-GASB 54 Reporting		Fiscal Year								
		2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	\$	47,377	\$ 98,141	\$ 110,273	\$ 114,235	\$ 88,110	\$ 103,991	\$ 106,642	\$ 332,802	\$ 318,410
Unreserved		3,950,520	4,267,861	3,548,607	2,848,143	4,172,594	6,169,366	7,858,244	8,685,056	8,721,665
Total General Fund	\$	3,997,897	\$ 4,366,002	\$ 3,658,880	\$ 2,962,378	\$ 4,260,704	\$ 6,273,357	\$ 7,964,886	\$ 9,017,858	\$ 9,040,075
All Other Governmental Funds										
Reserved	\$	492,562	\$ 503,054	\$ 526,226	\$ 476,455	\$ 152,525	\$ 49,537	\$ 291,188	\$ 421,501	\$ 178,950
Unreserved, Reported In:										
Special Revenue Funds		1,369,726	1,175,373	1,434,916	1,909,801	2,339,591	2,262,452	2,238,495	2,214,950	2,299,640
Capital Projects Funds		2,740,551	1,531,268	3,092,004	1,995,204	1,612,793	1,065,296	1,953,751	3,727,631	5,985,616
Debt Service Funds		492,562	503,054	526,226	476,455	152,525	94,498	--	--	388,653
Permanent Funds		--	441,142	442,913	440,727	440,344	454,218	458,694	463,210	459,190
Total All Other Governmental Funds	\$	4,602,839	\$ 4,153,891	\$ 6,022,285	\$ 5,298,642	\$ 4,697,778	\$ 3,926,001	\$ 4,942,128	\$ 6,827,292	\$ 9,312,049



TABLE E-5

**CITY OF HUNTSVILLE, TEXAS***CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**LAST TEN FISCAL YEARS**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)*

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>										
Taxes	\$ 9,908,749	\$ 10,284,507	\$ 10,627,961	\$ 11,349,448	\$ 12,110,807	\$ 12,776,640	\$ 13,674,901	\$ 14,228,818	\$ 14,465,189	\$ 14,907,890
Licenses, Fees and Permits	212,361	184,436	226,406	242,684	284,860	444,643	313,952	392,167	539,268	279,085
Fines, Fees and Foreitures	768,734	884,086	834,062	779,967	827,609	889,400	878,632	858,241	857,412	941,449
Charges for Services	575,794	468,196	650,709	676,585	568,879	636,241	609,287	834,379	862,328	893,643
Contributions, Grants and Donations	1,412,826	1,612,837	557,824	1,124,133	843,689	832,626	473,502	517,668	634,157	1,048,495
Administrative Cost Reimbursement	2,791,636	2,720,752	2,993,567	3,696,776	4,215,525	4,653,361	4,958,864	5,132,427	5,272,643	4,894,039
Investment Earnings	300,644	150,186	97,467	251,741	481,777	571,586	443,066	163,418	201,656	182,986
Other Revenues	121,651	63,143	132,412	252,426	919,297	445,751	504,917	919,343	467,635	932,790
Total Revenues	16,092,395	16,368,143	16,120,408	18,373,760	20,252,443	21,250,248	21,857,121	23,046,461	23,300,288	24,080,377
<b>Expenditures</b>										
Charter Offices	691,030	650,215	728,146	808,611	777,808	909,677	972,581	811,467	899,605	740,769
Finance	1,013,384	1,060,367	917,304	1,073,657	1,178,178	1,080,643	1,211,277	1,302,213	1,393,646	1,367,720
Public Works	4,020,828	4,605,281	4,195,014	3,878,094	4,434,253	4,385,291	4,650,329	5,161,730	5,422,205	6,631,987
Administrative Services	--	--	--	--	--	2,529,657	2,886,470	3,128,099	3,123,750	3,140,407
Community Services	2,127,973	2,279,377	1,910,635	2,049,479	2,104,560	2,576,927	2,680,927	3,368,954	5,405,665	6,517,329
Public Safety	4,128,532	4,193,602	4,086,565	4,758,577	4,673,004	5,291,327	5,660,044	6,075,462	6,448,506	6,772,314
Information Technology Services	--	1,229,269	1,087,422	774,743	776,754	--	--	--	--	--
Non-Departmental	2,261,009	837,978	1,008,322	1,390,944	1,611,146	--	--	--	--	--
Capital Outlay	3,699,620	23,995	1,058,033	2,212,789	2,682,132	1,446,655	242,698	--	--	--
Debt Service										
Interest	789,741	755,086	787,652	861,679	886,283	829,343	976,916	926,827	653,729	736,974
Principal	409,738	565,000	605,000	4,296,631	1,079,681	944,848	795,365	7,504,000	1,334,000	1,513,000
Total Expenditures	19,141,855	16,200,170	16,384,093	22,105,204	20,203,799	19,994,368	20,076,607	28,278,752	24,681,106	27,420,500
Excess of Revenues										
Over (Under) Expenditures	(3,049,460)	167,973	(263,685)	(3,731,444)	48,644	1,255,880	1,780,514	(5,232,291)	(1,380,818)	(3,340,123)
<b>Other Financing Sources (Uses)</b>										
Issuance Bonds/Notes	--	--	1,253,076	3,820,000	1,145,000	--	--	8,255,000	3,500,000	--
Issuance of Certificates of Obligation	--	--	1,200,000	--	--	--	--	--	--	--
Payment of Refunded Bond Esc Agent	--	--	(1,183,208)	--	--	--	--	--	--	--
Cost of Issuance	--	--	--	--	--	--	--	--	--	--
Capital Lease Proceeds	--	--	--	--	--	--	--	--	--	--
Transfers In	716,161	1,175,617	2,663,545	701,991	2,350,717	951,915	2,924,903	2,207,393	2,391,521	1,903,386
Transfers Out	(1,015,817)	(2,014,346)	(2,531,631)	(2,160,921)	(2,522,969)	(814,391)	(1,997,764)	(2,291,969)	(2,003,729)	(2,113,141)
Total Other Financing										
Sources (Uses)	(299,656)	(838,729)	1,401,782	2,361,070	972,748	137,524	927,139	8,170,424	3,887,792	(209,755)
Net Change in Fund Balances	\$ (3,349,116)	\$ (670,756)	\$ 1,138,097	\$ (1,370,374)	\$ 1,021,392	\$ 1,393,404	\$ 2,707,653	\$ 2,938,133	\$ 2,506,974	\$ (3,549,878)
Debt Service As A Percentage										
Of Noncapital Expenditures	7.8%	8.2%	9.1%	25.9%	11.2%	9.6%	8.9%	29.8% **	8.1%	8.2%

\*\*Due to a refunding issue of \$6.3M

TABLE E-6

**CITY OF HUNTSVILLE, TEXAS**

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Property Tax	Sales & Use Tax	Franchise and Other Taxes	Total
2002	\$ 3,196,855	\$ 4,630,276	\$ 2,081,618	\$ 9,908,749
2003	3,425,938	4,708,826	2,149,743	10,284,507
2004	3,545,266	4,920,554	2,162,141	10,627,961
2005	3,847,994	5,127,306	2,374,148	11,349,448
2006	3,916,022	5,511,003	2,061,344	11,488,369
2007	4,134,519	5,902,325	2,739,796	12,776,640
2008	4,725,708	6,072,299	2,876,894	13,674,901
2009	4,623,075	6,516,515	3,089,227	14,228,817
2010	4,927,413	5,989,793	3,547,983	14,465,189
2011	4,923,415	6,443,698	3,540,777	14,907,890

Source: City of Huntsville Budget Documents and Comprehensive Annual Financial Report

1) Includes current taxes, delinquent taxes, penalties and interest.

2) Includes franchise and gross receipt taxes, mixed drink taxes, hotel-motel occupancy taxes, and use of right-of-way.

TABLE E-7

**CITY OF HUNTSVILLE, TEXAS**

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS

Fiscal Year	Residential Property	Commercial Property	Agricultural Property	Industrial Property	Other Property	Less: Tax-Exempt Property	Total Taxable Assessed Value
2002	\$ 450,819,860	\$ 273,682,710	\$ 10,187,080	\$ 20,871,710	\$ 30,868,800	\$ 40,163,661	\$ 746,266,499
2003	467,036,552	262,242,030	12,076,640	22,238,680	30,545,570	38,158,512	755,980,960
2004	525,955,569	274,367,340	13,453,940	23,791,720	32,645,762	50,283,554	819,930,777
2005	549,917,299	323,799,290	13,769,880	11,605,650	34,859,152	54,257,548	879,693,723
2006	591,101,352	326,560,700	14,961,910	12,552,400	37,624,120	66,240,485	916,559,997
2007	646,884,721	309,698,960	16,063,020	47,323,330	44,745,620	77,066,511	987,649,140
2008	702,770,713	315,173,801	20,390,420	53,218,390	49,468,812	70,263,493	1,070,758,643
2009	740,510,737	345,938,999	30,910,310	69,853,920	13,690,524	75,915,900	1,124,988,590
2010	755,466,498	440,156,531	31,403,390	35,289,770	17,716,340	80,973,670	1,199,058,859
2011	858,425,842	356,128,990	30,755,600	132,804,650	17,020,230	90,422,700	1,304,712,612

Source: Walker County Appraisal District certified by Chief Appraiser as of March 7, 2012.

Note: Reclassification of industrial and other in 2010.

TABLE E-8

**CITY OF HUNTSVILLE, TEXAS**

*DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS*

Fiscal Year	City Direct Rates			Overlapping Rates			
	Basic Rate	General Obligation Debt Service	Total Direct Rate	Huntsville ISD	Walker County	Hospital District	Total
2002	\$ 0.27785	\$ 0.15465	\$ 0.43250	\$ 1.66000	\$ 0.58500	\$ 0.15000	\$ 2.82750
2003	0.28397	0.16603	0.45000	1.66000	0.62500	0.16000	2.89500
2004	0.23223	0.19277	0.42500	1.66000	0.62500	0.18500	2.89500
2005	0.24473	0.19277	0.43750	1.66000	0.62500	0.19220	2.91470
2006	0.23913	0.19277	0.43190	1.66000	0.59970	0.18250	2.87410
2007	0.23810	0.18110	0.41920	1.53000	0.56670	0.17200	2.68790
2008	0.24050	0.17300	0.41350	1.21000	0.54500	0.15370	2.32220
2009	0.21080	0.18990	0.40070	1.34000	0.54500	0.15370	2.43940
2010	0.22490	0.17580	0.40070	1.34000	0.57700	0.15370	2.47140
2011	0.21340	0.18730	0.40070	1.21000	0.57930	0.15300	2.34300

Source: County Board of Equalization and Assessment

TABLE E-9

**CITY OF HUNTSVILLE, TEXAS**

PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND TEN YEARS AGO

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
University House Huntsville LLC	\$ 21,790,250	1	1.69%	\$ N/A	N/A	N/A
Fairfield Huntsville Exchange LP	21,660,500	2	1.68%	N/A	N/A	N/A
Weatherford US LP	18,646,226	3	1.45%	10,610,870	3	1.42%
Wal-Mart Stores Texas LLC	15,987,700	4	1.24%	15,241,920	1	2.04%
Entergy Texas Inc	13,365,770	5	1.04%	11,218,800	2	1.50%
Hyponex Corporation	13,345,134	6	1.04%	N/A	N/A	N/A
Huntsville Aberdeen Place LP	13,100,000	7	1.02%	N/A	N/A	N/A
Huntsville Place LP	13,054,450	8	1.01%	N/A	N/A	N/A
Campus Crest at Huntsville LP	12,943,800	9	1.00%	N/A	N/A	N/A
SCI Gateway at Huntsville Fund Etal	12,278,900	10	0.95%	N/A	N/A	N/A
Total	\$ 156,172,730		12.12%	\$ 37,071,590		4.96%

Source: Walker County Appraisal District

TABLE E-10

**CITY OF HUNTSVILLE, TEXAS**  
*PROPERTY TAX LEVIES AND COLLECTIONS*  
*LAST TEN FISCAL YEARS*

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 3,162,188	\$ 3,102,772	98.1%	\$ 48,676	\$ 3,151,448	99.7%
2003	3,407,218	3,330,628	97.8%	62,838	3,393,466	99.6%
2004	3,536,589	3,423,539	96.8%	90,707	3,514,246	99.4%
2005	3,842,132	3,717,347	96.8%	17,817	3,735,164	97.2%
2006	3,987,376	3,835,272	96.2%	131,562	3,966,834	99.5%
2007	4,161,024	4,003,075	96.2%	147,249	4,150,324	99.7%
2008	4,345,730	4,279,765	98.5%	34,123	4,313,888	99.3%
2009	4,601,736	4,532,532	98.5%	36,698	4,569,230	99.3%
2010	4,826,650	4,748,093	98.4%	N/A	4,748,093	98.4%
2011	4,862,674	4,785,780	98.4%	23,475	4,809,255	98.9%

Sources: Walker County Appraisal District

TABLE E-11

**CITY OF HUNTSVILLE, TEXAS**

*DIRECT AND OVERLAPPING SALES TAX RATES  
LAST TEN FISCAL YEARS*

Fiscal Year	City Direct Rate	Walker County	State Rate
2002	1.50%	0.50%	6.25%
2003	1.50%	0.50%	6.25%
2004	1.50%	0.50%	6.25%
2005	1.50%	0.50%	6.25%
2006	1.50%	0.50%	6.25%
2007	1.50%	0.50%	6.25%
2008	1.50%	0.50%	6.25%
2009	1.50%	0.50%	6.25%
2010	1.50%	0.50%	6.25%
2011	1.50%	0.50%	6.25%

Sources: City of Huntsville Budget Documents

TABLE E-12

**CITY OF HUNTSVILLE, TEXAS**  
*RATIOS OF OUTSTANDING DEBT BY TYPE*  
*LAST TEN FISCAL YEARS*

General Bonded Debt						
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Capital Leases			
2002	\$ 2,100,000	\$ 12,550,000	\$ --			
2003	1,700,000	12,385,000	--			
2004	1,403,076	13,380,000	981,692			
2005	5,011,445	14,140,000	772,719			
2006	4,611,764	13,760,000	1,094,888			
2007	4,171,916	13,380,000	1,038,929			
2008	4,345,000	12,950,000	772,489			
2009	11,781,000	6,265,000	986,353			
2010	14,582,000	5,630,000	791,974			
2011	13,379,000	5,320,000	409,398			

Business-type Activities						
Fiscal Year	Water Revenue Bonds	Certificates of Obligation	Anticipated Notes Payable	Total Primary Government	Percentage of personal Income	Per Capita
2002	\$ 35,130,000	\$ 5,666,534	\$ --	\$ 55,446,534	5.11	\$ 1,589
2003	38,715,000	5,555,000	--	58,355,000	5.34	1,652
2004	35,981,925	5,010,000	--	55,775,001	4.88	1,552
2005	32,883,555	--	--	52,035,000	N/A	1,448
2006	29,953,236	--	--	49,419,888	N/A	1,345
2007	27,788,084	--	--	46,378,929	N/A	1,246
2008	27,445,000	--	--	45,512,489	N/A	1,184
2009	25,040,000	--	--	44,072,353	N/A	1,159
2010	22,820,000	--	--	43,823,974	N/A	1,141
2011	20,160,000	--	--	39,268,398	N/A	1,019

Note: Personal income not available for 2005-2011.

Source: City of Huntsville Comprehensive Annual Financial Statements



TABLE E-13

**CITY OF HUNTSVILLE, TEXAS**

*RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS*

Fiscal Year	General Bonded Debt Outstanding				Assessed Value	Percentage of Actual Taxable Value of Property	Population	Per Capita
	General Obligation Bonds	Certificates of Obligation	Capital Leases	Total Debt				
2002	\$ 2,100,000	\$ 12,550,000	\$ --	\$ 14,650,000	\$ 746,266,499	1.96%	34,890	\$ 298.50
2003	1,700,000	12,385,000	981,692	15,066,692	755,980,960	1.99%	35,926	427.08
2004	1,403,076	13,380,000	772,719	15,555,795	819,930,777	1.90%	36,442	419.89
2005	5,011,445	14,140,000	1,094,888	20,246,333	879,693,723	2.30%	36,699	419.38
2006	4,611,764	13,760,000	1,038,929	19,410,693	916,559,997	2.12%	37,237	426.86
2007	4,171,916	13,380,000	772,489	18,324,405	987,649,140	1.86%	37,059	551.69
2008	4,345,000	12,950,000	986,353	18,281,353	1,070,758,643	1.71%	37,790	528.92
2009	11,781,000	6,265,000	791,974	18,837,974	1,124,988,600	1.67%	37,867	497.48
2010	14,582,000	5,630,000	603,926	20,815,926	1,171,742,739	1.78%	38,548	540.00
2011	13,379,000	5,320,000	409,398	19,108,398	1,288,787,476	1.48%	38,548	495.70

**Source:** City of Huntsville Comprehensive Annual Financial Statements

(a) Assessed Value in this table is the new value assessed for that year (e.g. 2007) and at the end of the fiscal year for which the bonds are outstanding.

# CITY OF HUNTSVILLE, TEXAS

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

TABLE E-14

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt Repaid With Property Taxes			
Walker County	\$ 628,136	57.00%	\$ 358,038
Huntsville Independent School District	43,334,280	77.15%	33,432,397
Subtotal, Overlapping Debt			<u>33,790,435</u>
City governmental activities direct debt			19,108,398
Total Direct and Overlapping Debt			<u><u>\$ 52,898,833</u></u>

- a) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another government unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.
- b) Overlapping governments are those that coincide, at least, in part with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of City of Huntsville. This process recognizes that, when considering City of Huntsville's ability to issue and repay long-term debt, the entire debt burden borne by residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

TABLE E-15

**CITY OF HUNTSVILLE, TEXAS**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 74,626,699	\$ 75,598,096	\$ 81,992,078	\$ 87,693,223	\$ 91,655,999	\$ 98,764,914	\$ 107,075,864	\$ 112,498,860	\$ 117,174,274	\$ 128,878,748
Total Net Debt Applicable to Limit	15,059,738	14,650,000	15,066,992	15,555,795	19,256,095	18,229,907	17,465,493	18,449,022	20,257,947	18,512,249
Legal Debt Margin	59,566,961	60,948,096	66,925,086	72,137,428	72,399,904	80,535,007	89,610,371	94,049,838	96,916,327	110,366,499
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	20.18%	19.38%	18.38%	17.74%	21.01%	18.46%	16.31%	16.40%	17.29%	14.36%

**Legal Debt Margin Calculation for the Current Fiscal Year**

Assessed Value	\$ 1,288,787,476	
Debt Limit (10% of Assessed Value)	128,878,748	
Debt Applicable to Limit:		
General Obligation Debt	19,108,398	
Less: Amount Set Aside for Repayment of		
General Obligation Debt	(596,149)	
Total Net Debt Applicable to Limit	18,512,249	14.36%
Legal Debt Margin	\$ 110,366,499	

Source: City of Huntsville Comprehensive Annual Financial Statements

**CITY OF HUNTSVILLE, TEXAS**

PLEDGED-REVENUE COVERAGE  
LAST TEN FISCAL YEARS

Fiscal Year	Wastewater Revenue Bonds						
	Utility	Less:	Net	Debt Service		Coverage	
	Service	Operating	Available	Principal	Interest		
Year	Charges	Expenses	Revenue				
2002	\$ 15,077,613	\$ 11,233,851	\$ 3,843,762	\$ 570,000	\$ 490,938		3.62
2003	17,332,664	11,282,537	6,050,127	675,000	716,918		4.35
2004	17,407,743	13,031,755	4,375,988	880,000	774,078		2.65
2005	18,530,513	13,641,064	4,889,449	915,000	739,748		2.95
2006	19,807,892	14,168,876	5,639,016	950,000	703,410		3.41
2007	19,629,946	15,228,807	4,401,139	990,000	665,015		2.66
2008	20,020,455	15,689,469	4,330,986	1,215,000	690,744		2.27
2009	20,421,875	16,859,881	3,561,994	1,255,000	643,399		1.88
2010	19,184,481	15,059,681	4,124,800	1,310,000	601,129		2.16
2011	21,034,896	15,234,268	5,800,628	1,410,000	514,579		3.01

a) Revenues pledged for Wastewater Bonds include Wastewater operations and Water operations.  
Therefore, Revenues and Expenditures for both the Water Fund and Wastewater Fund are included above.

b) Details regarding City of Huntsville's outstanding debt can be found in Note F of the current financial statements of the City.

Source: City of Huntsville Comprehensive Annual Financial Statements

TABLE E-17

**CITY OF HUNTSVILLE, TEXAS**  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN CALENDAR YEARS

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Population										
Huntsville	35,093	36,157	36,798	37,937	37,614	37,508	37,761	38,087	38,548	38,548
Walker County	61,656	62,762	63,446	64,330	63,953	63,686	63,554	64,739	67,861	67,861
a) Personal Income (thousands)	\$ 1,107,286	\$ 1,128,537	\$ 1,144,219	\$ 1,237,415	\$ 1,309,170	\$ 1,396,921	\$ 1,469,980	\$ not available	\$ not available	\$ not available
a) Per Capita Personal Income	\$ 17,959	\$ 17,981	\$ 18,035	\$ 19,235	\$ 20,471	\$ 21,935	\$ 23,130	\$ not available	\$ not available	\$ not available
Median Age	--	--	--	--	--	28.8	29.7	28.3	28.8	28.6
Population 21 Years and Over	--	--	--	--	--	--	--	72.3%	72.4%	72.4%
High School Graduate or Higher	--	--	--	--	--	79.4%	76.4%	78.2%	not available	80.0%
School Enrollment	6,809	6,907	6,917	6,878	6,790	6,528	6,494	6,577	6,502	6,502
Unemployment	5.7%	6.3%	5.7%	5.2%	5.5%	4.8%	5.1%	6.0%	8.0%	7.4%

Sources: 2002-2005 population information provided by the US Census Bureau. 2006-2009 population information provided by the Texas Office of the State Demographer. 2010 & 2011 population information is from the 2010 Census. Personal income information provided by the US Bureau of Economics Analysis. Unemployment rate information provided by the Texas Workforce Commission. School enrollment provided by Texas Education Agency for Public (tea.state.tx.us) and National Center for Education Statistical for private schools (nces.ed.gov).

Note: a) For Walker County

**CITY OF HUNTSVILLE, TEXAS**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

**TABLE E-18**

<u>Employer</u>	2011			2002		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Texas Department of Criminal Justice	6,783	1	45.29%	Not Available	Not Available	Not Available
Sam Houston State University	3,364	2	22.46%	Not Available	Not Available	Not Available
Huntsville Independent School District	900	3	6.01%	Not Available	Not Available	Not Available
Huntsville Memorial Hospital	522	4	3.49%	Not Available	Not Available	Not Available
Wal-Mart	485	5	3.24%	Not Available	Not Available	Not Available
Walker County	389	6	2.60%	Not Available	Not Available	Not Available
Educational Service Center - Region VI	375	7	2.50%	Not Available	Not Available	Not Available
City of Huntsville	300	8	2.00%	Not Available	Not Available	Not Available
Weatherford Completion and Oilfield Services	188	9	1.26%	Not Available	Not Available	Not Available
Gulf Coast Trade Center	186	10	1.24%	Not Available	Not Available	Not Available

Source: City of Huntsville Budget Document.

TABLE E-19

**CITY OF HUNTSVILLE, TEXAS**

FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

Function/Program	Full-Time-Equivalent Employees as of Year End									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Charter Offices</b>										
Office of City Manager	2.00	2.50	2.50	3.50	3.00	3.00	2.00	2.00	2.00	2.00
Office of City Secretary	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Office of City Attorney	1.00	1.00	1.00	1.00	1.00	1.00	1.00	--	--	--
Office of City Judge	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Charter Offices Support	--	--	--	--	--	--	--	--	--	--
Economic Development	2.00	2.00	2.00	--	--	--	--	--	--	--
<b>Finance</b>										
Finance	7.00	6.00	5.50	6.50	8.00	8.00	9.00	9.00	9.00	9.00
Purchasing	1.00	1.00	1.00	1.00	1.00	2.00	2.50	2.50	2.50	2.50
Fleet/Warehouse Administration	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00	1.00
Municipal Court	4.00	4.00	4.00	4.00	4.50	5.50	5.50	5.50	6.50	6.50
Court Security	--	--	--	--	1.00	1.00	1.00	1.00	--	--
Utility Billing	5.00	5.00	5.00	5.50	6.00	6.00	6.00	6.00	6.00	6.00
<b>Administrative Services</b>										
Human Resources	2.00	2.00	2.00	3.00	4.00	4.00	4.00	3.00	3.00	3.00
Risk/Safety Management	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	--
Information Technology	5.00	6.00	6.00	5.00	5.00	5.00	5.00	6.00	6.00	4.00
<b>Public Utilities</b>										
Administration	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Water Production	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Water Distribution	12.00	9.00	9.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Meter Reading	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Wastewater Collection	11.00	11.00	11.00	11.00	10.00	10.00	11.00	11.00	11.00	11.00
AJ Brown WWTP	6.00	6.00	5.50	5.50	5.00	5.00	5.00	5.00	5.00	5.00
NB Davidson WWTP	3.50	3.50	3.50	3.50	4.00	4.00	4.00	4.00	4.00	4.00
Robinson Creek WWTP	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00
Environmental Services	3.00	3.00	3.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00
Commercial Collection	7.00	7.00	7.00	7.00	7.00	7.00	5.00	5.00	5.00	5.00
Solid Waster Disposal	9.00	9.00	9.00	9.00	9.00	9.00	8.00	9.00	9.00	9.00
Residential Collection	13.00	13.00	13.00	13.00	13.00	13.00	8.00	7.00	7.00	7.00
Recycling	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Public Works										
Administration	7.00	6.00	6.00	6.00	6.50	6.50	6.00	3.00	3.00	3.00
Planning and Development	15.00	14.00	14.00	15.00	14.00	12.00	15.50	18.50	18.50	18.00
Central Inspection	7.00	6.00	5.00	6.00	6.00	6.00	4.00	4.00	4.00	4.00
Health Inspection	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Construction Crew	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Streets	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
Drainage Maintenance	--	--	--	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Street Sweeping	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Community Services										
Adminsitration	1.00	1.00	1.00	2.00	2.00	4.50	4.00	2.00	2.00	2.00
Recreation	1.00	4.00	4.00	4.00	4.50	--	0.50	1.50	1.50	1.50
Parks Maintenance	13.66	8.66	8.66	8.66	8.66	13.66	16.16	16.16	16.16	16.16
Aquatic Center	--	--	--	--	--	--	0.66	0.66	1.00	1.00
Cemetery Operations	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Building Services	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00
Garage Services	8.00	6.00	7.00	7.00	6.00	6.00	7.00	7.00	7.00	8.00
Library	9.00	8.00	9.00	9.00	9.00	9.00	9.50	9.00	9.00	9.00
Urban Forestry	--	--	1.00	1.00	1.00	--	--	--	--	--
Golf Course Operations	1.00	10.50	9.50	9.50	--	--	--	--	--	--
Golf Course Pro Shop Operations	1.00	10.00	10.00	5.50	--	--	--	--	--	--
Public Safety										
Adminsitration	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Police	47.00	47.00	47.00	47.00	47.00	48.00	52.00	54.00	54.00	54.00
Fire	6.00	5.00	5.00	6.00	7.00	8.00	12.00	12.00	12.00	12.00
School Resource Officers	--	--	5.00	5.00	5.00	6.00	6.00	6.00	6.00	6.00
Cultural Services & Tourism										
Tourism	--	--	--	--	--	--	--	--	1.00	1.00
Visitor Center	--	--	--	--	--	--	--	--	1.00	3.50
Gift Shop	--	--	--	--	--	--	--	--	3.50	--
Cultural Services	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.50	1.00
Main Street	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	264.16	271.16	276.16	284.16	272.16	278.16	284.32	283.82	289.16	284.16

Source: City of Huntsville Budget Documents



TABLE E-20

## CITY OF HUNTSVILLE, TEXAS

## OPERATING INDICATORS BY FUNCTION/PROGRAM

## LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Finance</b>										
Invoices Processed	17,619	not available	not available	9,423	9,847	8,622	9,500	10,109	11,673	13,950
Payroll Checks Issued	4,376	5,231	4,377	3,909	3,526	3,430	3,100	2,521	2,600	2,267
Court Cases Files and Processed	not available	10,788	9,168	8,698	7,833	7,393	8,000	7,341	7,300	9,508
Warrants Issued	not available	not available	not available	3,590	2,870	2,816	3,000	2,982	2,880	3,308
Utility Bills Generated	not available	not available	not available	not available	98,273	100,948	103,218	106,807	103,500	103,800
Utility Payment Received	not available	not available	not available	not available	82,025	81,499	95,501	95,964	96,000	96,500
Meter Reading Service Orders Generated	6,323	5,277	5,382	not available	13,718	14,993	10,966	10,967	11,000	10,500
<b>Administrative Services</b>										
Workers Compensation Claims Filed	50	48	42	40	21	24	30	30	25	20
On Site Property Inspections Conducted	not available	not available	not available	9	8	91	80	unknown	unknown	unknown
Purchase Orders Issued	not available	not available	not available	not available	214	237	298	394	378	414
Formal Bids Issued	not available	not available	not available	13	18	21	35	41	17	30
Computer Help Desk Request Completed	not available	not available	not available	2,457	3,081	3,191	3,000	2,743	2,700	1,743
Garage Work Orders Processed	not available	not available	not available	3,949	3,419	1,333	1,100	1,500	1,542	1,900
<b>Public Utilities</b>										
Gallons Water Produced (in billions)	2.80	not available	not available	2.12	2.82	2.58	2.84	2.81	2.70	2.70
Water Main Leaks Repaired	not available	not available	not available	30	80	87	277	573	210	200
New Water Connections Installed	not available	not available	not available	91	150	106	136	118	100	100
New Sewer Taps Installed	not available	not available	not available	72	80	150	130	124	124	120
Gallons Wastewater Treated (in billions)	1.19	not available	not available	1.35	1.53	1.57	1.45	1.33	1.35	1.30
Manholes Inspected and Serviced	not available	not available	not available	not available	318	756	760	465	310	426
Commercial Waste Collected (in tons)	not available	not available	not available	16,871	17,100	19,501	20,765	19,299	19,500	20,388
Residential Waste Collected (in tons)	not available	not available	not available	7,372	7,098	7,177	7,083	6,866	6,508	6,874
Waste Transferred to Landfill (in tons)	35,226	not available	not available	34,334	34,064	36,636	37,608	37,642	39,013	38,172
Waste Recycled (in tons)	1,974	not available	not available	2,223	2,486	2,704	2,254	3,731	3,573	3,209
<b>Public Works</b>										
Code Enforcement Complaints Investigated	not available	260	273	485	594	377	333	327	172	193
Food Establishment Inspections Performed	not available	not available	not available	257	422	461	455	563	586	604
Lane Miles of Existing Streets Seal Coated	23.03	not available	not available	8.08	--	13.77	23.34	--	18.97	11.22
Tons Debris Removed from Drainage Ways	not available	not available	not available	5,074	6,020	3,547	2,763	1,628	2,500	150
Curb Miles Swept by Street Sweeper	4,354	not available	3,617	3,786	3,216	3,037	2,770	2,642	2,700	2,890

#### Community Services

In-House Recreation Programs Offered	not available	not available	not available	not available	not available	30	69	30	44	47
Contract Recreation Programs Offered	not available	not available	not available	not available	not available	4	2	2	6	4
Playground Safety Inspections Performed	12	12	12	not available	not available	141	144	144	144	144
Library Items Circulated	not available	not available	not available	103,256	96,974	103,303	144,162	129,953	133,266	99,950
Library Visitors	not available	113,089	145,543	173,245	156,067	144,439	163,076	157,459	160,409	120,307
Wynne Home Visitors	N/A	N/A	N/A	N/A	650	4,370	5,019	14,835	14,000	30,216
Art and Cultural Events Held	not available	not available	not available	150	270	165	245	361	350	370
Business in Main Street Downtown District	not available	not available	not available	67	70	86	85	85	85	93
Main Street Events Held	not available	not available	not available	5	7	6	4	5	5	5

#### Public Safety

Police Calls for Service	28,890	44,021	45,170	44,666	38,078	36,921	44,220	49,501	45,496	47,005
Arrest Made	not available	not available	not available	1,446	1,339	1,621	1,669	1,916	2,173	2,430
Citations Issued	not available	10,327	9,133	7,168	6,793	6,323	6,457	6,181	5,893	5,900
Offenses/Incidents Reported	not available	not available	not available	3,479	3,344	3,323	3,381	4,345	4,068	4,200
Fire Calls for Service	not available	787	794	1,275	1,522	1,324	1,458	1,417	1,194	1,254
Main Alarms Answered	not available	not available	not available	249	330	304	248	278	201	220
Fire Inspectios Conducted	320	238	210	210	248	310	173	183	176	188

Source: City of Huntsville Budget Documents

TABLE E-21

**CITY OF HUNTSVILLE, TEXAS**

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Utilities:										
Water Line (approximate miles)	not available	not available	not available	not available	200	200	200	200	205	205
Sewer Line (approximate miles)	not available	not available	not available	not available	190	205	205	205	210	210
Liftstations	not available	not available	not available	not available	26	28	29	29	29	29
Water Plants	3	3	3	3	3	3	2	2	2	2
Wastewater Treatment Plants	3	3	3	3	3	3	3	3	3	3
Solid Waste Recycling Facilities	0	1	1	1	1	1	1	1	1	1
Public Works										
Street (centerline miles)	not available	not available	not available	not available	139	139	142	144	145	145
Community Services										
Parks	25	25	25	26	26	26	26	26	26	26
Park Acreage	406.72	406.72	406.72	265.41	281.94	281.94	281.94	281.94	281.94	281.94
City Pool (1997-2004)/Aquatic Centers	1	1	1	1	1	1	1	1	1	1
Community Centers (MLK Building)	1	1	1	1	1	1	1	1	1	1
Arts Center	0	0	0	0	1	1	1	1	1	1
Libraries	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	3	3	3	3	3	3	3	3	4	4

Sources: Various city departments

Note: Capital Asset Statistics for Charter Offices, Finance and Administrative Services are not available.

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